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Evaluation of
European Union Aid
to African, Caribbean and Pacific Countries

Field Phase

Case Study No.2: Tanzania



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LIST OF ABBREVIATIONS

BWI	Bretton Woods Institutions
CODAP	Co-ordination Office for Donor Assisted Projects
CSP	Country Strategy Paper
DSM	Dar es Salaam
EC	European Commission
EC	European Community (when referring to European Union Aid managed by the Commission)
EDF	European Development Fund
EIB	European Investment Bank
ERP	Economic Recovery Programme
ESCC	Education Sector Co-ordinating Committee
GOT	Government of Tanzania
HOD	Head of Delegation
HRDP	Human Resources Development Programme
IMF	International Monetary Fund
IRP	Integrated Roads Project
MCT	Ministry of Communications and Transport
Mecu	Millions of ecu
MOEC	Ministry of Education and Culture
MOF	Ministry of Finance
MOW	Ministry of Works
MPP	Micro Projects Programme
MS	Member States of the European Union
NAO	National Authorising Officer
NGO	Non Governmental Organisation
NIP	National Indicative Programme
ODA	Official Development Assistance
PER	Public Expenditure Review
PMU	Project Management Unit
PO	Payment Order
PS	Permanent Secretary
PSU	Programme Support Unit
PW	Price Waterhouse
REO	Regional Engineers Office
RRP	Railways Restructuring Project
RUSIRM	Ruvuma and Southern Iringa Road Maintenance Programme
SAR	Staff Appraisal Report
SASP	Structural Adjustment Support Programme
TA	Technical Assistance
TAZARA	Tanzania Zambia Railway
TRC	Tanzania Railways Corporation
TSh	Tanzanian Shilling

PREAMBLE

The Evaluation of EU Aid to ACP Countries is part of a general evaluation of EU aid requested by the Development Council in June 1995. The second phase of the study focuses on: (i) policy formulation; (ii) policy dialogue between the EC and individual ACP states; and (iii) aid implementation and management.

The country reports look at policy dialogue and aid implementation in six countries and one region concentrating on 2-3 sectors of European Community assistance in each country. The present report is on Tanzania. The other six reports cover Zimbabwe, Côte d'Ivoire, Cameroun, Liberia, Jamaica and the East Caribbean. The sectors studied in Tanzania are structural adjustment, transport and education.

This report is based on the findings from a visit of a team of consultants to Tanzania undertaken from March 12 to March 25, 1998. The fieldwork was preceded by an analysis of available evaluations in the sectors of concentration as well as other available documents on EC Aid to Tanzania. The in-country fieldwork was organised around:

- the review of project files;
- interviews with EC Delegation staff;
- interviews with Government officials;
- interviews with Member States and other donors' representatives;
- interviews with beneficiaries and NGOs;
- wrap-up meeting with Member States; and
- wrap-up meeting with Delegation staff.

The draft report was presented in May 1998 to the Working Group of Heads of Evaluation Services (Development) of the European Union and the Commission.

The evaluation team is grateful for the support of the EC Delegation and the collaboration of Government officials and donor representatives, particularly the Member States.

C. Montes
ACP Evaluation Field Phase Coordinator

Those wishing to obtain copies of the synthesis report or the other case studies should contact the Head of the Evaluation Unit, Common Service Relex of the European Commission.

EXECUTIVE SUMMARY

A. Country Context

Tanzania has the third lowest per capita GDP in the world. Almost 40% of Tanzanian households are unable to meet their basic needs.

Tanzania's economy is highly dependent on the agricultural sector (80% of employment), which is based largely on smallholdings. At independence in 1961, Tanzania had a weak infrastructure and a weak industrial base. In 1967, after a few years of a relatively liberal development strategy, Tanzania's first President, Julius Nyerere, opted for self-reliance and ujaama, Tanzanian socialism. By the mid-70s, the economy was experiencing severe problems. In 1986, a new Government embarked on an Economic Recovery Programme (ERP), supported by the Bretton Woods institutions and other donors. In the last 10 years, reform has been most successful (albeit slow) in liberalising the foreign exchange and agricultural markets. Financial reform has proved particularly difficult. Reform in other sectors has been hampered by the weakness of institutional capacity and political will on the part of the Government, and by the weak and uncoordinated donor support to the Civil Service Reform Programme.

Low pay and institutional weakness in the civil service in Tanzania have both contributed to Governance problems. The misuse of donor counterpart funds and tax exemptions contributed to strained relations between Tanzania and its donors in the early and mid-1990s. Soon after his election, President Mkapa appointed a Commission of Inquiry to analyse the issue of corruption. This report detailed instances of corruption in most sectors of the economy, and its findings and recommendations have been widely discussed.

Despite more than a decade of structural adjustment programmes, Tanzania is one of the most aid-dependent countries in the world, with the ninth highest aid to GNP ratio (almost 30%). Tanzania has received ODA worth about US\$30 billion (in 1995 dollars) over the last thirty years. Aid from EU Member States and the EC accounts for half of total aid received by Tanzania in the three decades since 1966. The relative importance of EC aid has increased steadily, and it now accounts for 10% of total European aid to Tanzania.

EU-Tanzania co-operation began in 1974. Support under the first three Lomé Conventions concentrated mainly on agriculture/rural development and transport. Under Lomé IV, structural adjustment became a major element in the Community's Programme.

A few trends in EC assistance have emerged over time: (1) EC aid has grown substantially; (2) there has been a shift from project aid to programme support, with the latter growing from 10% to 40% of total commitments between EDF6 and EDF7; and (3) within project aid, health and education have attracted growing EC support, while transport has remained the key sector for EU assistance to Tanzania.

EC aid is managed jointly by the National Authorising Officer (PS Ministry of Finance) and the EC. The NAO office is supported by the EDF Programme Support Unit (PSU). This unit is staffed by local and foreign consultants (see aid implementation).

The EC Delegation in Tanzania appears to have been under-staffed, given the size of its programme and the need to supervise 12 regional co-operation activities and 30 operations funded by budget lines. Delegation advisers operate without clear terms of reference, and there is often a mismatch between skills and assignments.

Opportunities to work with headquarters and other Delegations are limited. Delegation staff are over-burdened by complex administrative tasks, which are carried out at the expense of policy dialogue and the supervision of key programmes. Delegation staff noted their insufficient budgetary resources as an important constraint. The main problem in dealing with Headquarters is the long chain of decision making (most decisions being taken at Headquarters).

The large number of donors can make co-ordination difficult. According to a recent study, there are 40 donors and up to 2,000 separate projects. Donor co-ordination varies from sector to sector, and in some sectors there has been intense donor competition. Development aid co-ordination meetings are held monthly, and there are twenty Donor Co-ordination working groups and sub-groups. However, the effectiveness of donor coordination is limited.

The twelve Member States that have diplomatic missions in Tanzania hold regular meetings for coordination. Most EU co-ordination meetings are aimed at sharing information, while work on joint operations is less frequent.

Several factors are responsible for weak coordination, both among EU Delegations and with other donors. These factors include: the Government's institutional capacity; the weak organisation of some of the regular meetings; and the different developmental approaches and institutional set-ups among donors, which differ in terms of both staffing and the decentralisation of decision-making power. As a result of the last factor, informal co-ordination among "like-minded" donors (e.g. Nordic countries) appears more effective than formal co-ordination.

B. Policy Dialogue

Indicative Programming. The introduction of the Strategy Paper has strengthened programming analysis, particularly through the inclusion of sectoral evaluation lessons. However, this document still underestimates programme risks. For example, it is over-

optimistic with regard to governance issues and to the institutional achievements of the Integrated Roads Programme and SASP. The choice of education as part of the second focal sector suggests an underestimation of the Delegation's capacity constraints.

The Government appreciates its increased participation in the NIP exercise. However, in Tanzania, given the weakness of institutional structures, ownership of the programming process is always difficult to achieve.

Tanzania has been under BWI **structural adjustment** programmes for more than 10 years. The policy dialogue on macroeconomic stabilisation, market and public sector reforms has been led by the BWI. During most of this period, monetary and fiscal IMF benchmarks have been missed. The BWI have gradually introduced more conditionalities to micro-manage change in Government institutions. BWI programmes have generally been too ambitious and have underestimated the limitations of the Governments' institutions. Donors have not provided sufficient support to the Civil Service Reform.

The Government's policy dialogue with the BWI is affected by its institutional weakness and by its dependence on external aid. The micro-management introduced by the BWI partly explains why the Government often agrees to conditionalities which it knows it will not be able to implement. Furthermore, in some cases civil servants are contracted by donors to be consultants in sectoral work. All these factors may compromise Government ownership of the reform programme.

It was therefore difficult for the EC's **Structural Adjustment Support Programme** to achieve its goals of supporting social expenditures and their budgeting. The EC programme underestimated the difficulties in achieving institutional changes in the budget, in the absence of adequate co-ordination with the Civil Service Reform and with other donors. The monitoring of developments in the economic reform programme and in social sector expenditure and budgeting was limited by the Delegation's staffing constraints. The EC was not able to

participate meaningfully in Public Expenditure Review exercises.

In the **Roads Sector**, with the introduction of the Economic Recovery Programme in 1986, the rehabilitation of the country's roads became a priority. Preparation for the Integrated Roads Project (IRP) started in mid-1987 with a series of studies to determine what actions would be needed to improve the condition of rural roads. When the IRP was prepared, policy dialogue and institutional strengthening were provided by the World Bank. The EC focused instead on road construction, which is its traditional area of expertise. The IRP was launched in March 1991.

Until recently, the IRP was perceived as an early and successful attempt to implement a sectoral approach. However, the IRP is now showing its institutional weakness. The Government has faced severe difficulties in maintenance of the road network. A crisis between donors and the Government arose in mid-1996 when the Government decided not to allocate resources to the Road Fund, so that it could meet IMF conditionalities. The Delegation co-ordinated a response from all major donors (except the World Bank) requesting the Government to release the funds. By the end of the fiscal year, 96% of funds designated for the IRP had been released.

The IRP was designed before the debate on sector wide approaches started and it did not benefit from the lessons emerging from this debate. In particular, a key precondition for a sector-wide approach was missing as the capacity of the Ministry of Works and the Ministry of Communications and Transport was minimal. The design of the IRP wrongly assumed that with TA support the Ministry of Works would become an effective implementing agency.

The importance of institutional strengthening has now become central to policy dialogue in this sector. Since the discussions in 1996, in which donors were primarily concerned about the availability of resources for the Roads

Fund, donors have now shifted their focus to understanding how these funds are used, and to emphasising the need for capacity building. Because of the improper use of funds, the EC co-ordinated a letter from all major donors advising the Government on the need for institutional reform, particularly on the need for a Road Agency. As a result, the President set up an Inter-ministerial Task Force to oversee the IRP, and appointed a new Permanent Secretary in the Ministry of Works.

In the past, the EC has been involved in the **education sector** through a human resource development project and through SASP activities. However, given the difficulties associated with a project-based approach, the EC decided to move to a sectoral approach (sector development programme) in order to improve the effectiveness of interventions. As seen in the transport sector, there are many difficulties in adopting this approach when the Government's capacity is limited. Moreover, institutional support and donor co-ordination are even more difficult in a "soft sector" with many fragmented (and often competing) donors. The Delegation was supposed to support the sector development programme and to co-ordinate Member States' activities, but had very limited resources.

EC policy dialogue in the education sector was one factor behind the Government's formal adoption of a sectoral approach. However, problems have been caused by the weakness of Government institutions, the low pay of Tanzanian civil servants, the large number of donors in the sector, and the limited staffing of the EC in the education sector. In this context, most in-country donors believe that there has not been sufficient emphasis on donor co-ordination in the EC programme (or in the Government's sector development programme). Instead, there has been too much emphasis on financing new quasi-governmental structures and technical assistance. However, all in-country donor representations noted that the Delegation has recently played an extremely effective co-ordinating role.

Governance, Poverty, Gender and Environment

The Tanzania NIP explicitly recognises the importance of the poverty criteria and notes its importance at sectoral level. Some programmes have tried to address poverty issues directly. An innovative programme in this area has been Stabex. Stabex funds have been used to support coffee farmers directly, and they have spent these funds mostly on food, school fees and coffee inputs.

The Government and most donors understand the importance of Governance and corruption issues in Tanzania. We found that most donors recognise the significant and visible role played by the EC Delegation in keeping these issues on the agenda. Governance issues have mainly been addressed through support for increased transparency and accountability in public administration.

The environmental manual has been helpful in determining the need for environmental impact assessments during project preparation. However, a recent evaluation found that, in the past, environmental impact assessments had not been widely carried out in Tanzania. This situation has begun to improve in recent transport and water projects. The gender manual appears not to have been as effective in operational terms.

Aid Implementation and Management

The EC has provided about 5% of all official development assistance received by Tanzania in the last thirty years. The decline in NIP disbursements has resulted from the completion of most works under IRP-I and from the delayed implementation of the second phase of the IRP. Stabex and SASP funds have risen in importance since 1992.

The EDF Programme Support Unit (PSU) to the National Authorising Officer (NAO) started operations in 1994, with a staff of 20 and funding from an EDF project. The objectives of the PSU are to facilitate close co-operation between the NAO and the Delegation, and to support the administration

and implementation of EDF-funded interventions in Tanzania.

The PSU has had difficulties in carrying out its functions adequately. Accounting and monitoring controls appear to be weak, particularly for SASP counterpart funds. These deficiencies are currently in the process of being reviewed.

In the transport sector, aid implementation has been affected by the constant change of implementation arrangements. There have been frequent changes in the ministry, and units involved in the implementation of the IRP have proliferated. The fragmented distribution of responsibilities has led to slow decision making and to extremely weak accountability.

Preparation

The introduction of the Project Cycle Management and the logical framework approach has done much to improve project preparation in the EC. However the difficult institutional context in Tanzania creates a number of challenges. A recent capacity assessment study on Tanzania found that too much of the initiative in the selection and design of government projects lies with donors. EC projects and programmes are often based on the work of external consultants who are not sufficiently aware of the Government's limited institutional capacity or of the EC's staffing constraints. As a consequence, some projects are based on unrealistic assumptions.

In the **transport sector**, there has been a clear improvement in the quality of financing proposals, in part the result of the introduction of a transport manual. For example, the Ruvuma and Southern Iringa Roads Maintenance Programme financing agreement includes monitoring indicators, and biannual audits by an independent auditing company were made mandatory. Transport projects have also become more specific in policy conditions and more supportive of the policy dialogue in the sector.

In some cases the EC allocates insufficient manpower resources for project preparation in

complex projects. Government participation is often limited by its capacity constraints. In the **Structural Adjustment Support Programme**, the Government often had insufficient staffing to examine the programme in detail. The design of the SASP was innovative and focused on a key priority area (social sector budgeting). However, time and manpower constraints of EC officials resulted in limited co-ordination with the Government, and in the underestimation of the difficulties involved in managing and monitoring the SASP. Similarly, the **Education** sector development programme was also prepared with limited manpower resources compared to similar interventions by other donors.

In common with other donors, the assumptions made during project preparation are often over-optimistic. In the **transport** sector, the assumption by the Integrated Roads Programme that TA in itself (mostly World Bank) was going to strengthen Government institutions in the sector underestimated the difficulties of capacity building in Africa. Similarly, the SASP goal of improving the social sector budgeting was overly dependent on the Government remaining on track in the reform programme, the overall budgetary process being improved, Civil Service reform improving sectoral capacities and effective donor co-ordination.

Implementation

As with most donors in Tanzania, it appears that many EC projects have suffered from delays in implementation. A check of three transport projects, using the reference time limits set out in the detailed evaluation by Price Waterhouse in 1992, shows that delays were longer than the reference limits. Procurement was also subject to delays. However, procurement delays in the World Bank component of the Integrated Roads Programme appear to have been longer.

Implementation and monitoring of EC interventions have been affected by the extensive nature of EC *ex ante* financial controls. In this context, much less emphasis is given to monitoring project performance or to *ex post* financial audits. The EC is required to

apply *ex ante* financial controls without selectivity. A change towards more selectivity in the application of these controls would save valuable EC staff time. For example, NIP projects under EDF6 and EDF7 required 844 procurement decisions. However, only a third of this total number of procurement decisions, those above ECU 100,000, accounted for 96% of the total value. As economies of scale in procurement and disbursement decisions are minimal, a move towards removing *ex ante* controls for procurement decisions below ECU 100,000, while extending financial audits to all expenditures under EDF funded programmes would save considerable staff time.

The efficiency cost of extensive *ex ante* controls can also be seen in the processing of payment orders for every expenditure. We estimated that the amount of time spent just on processing payment orders in one year is 2.1 person years at the Delegation and 1.4 at the NAO office.

Technical Assistance

Technical assistance (including short term consulting services) has assumed growing importance in EC aid to Tanzania. Technical assistance accounts for 20 percent of the estimated net ODA from all donors to Tanzania.

However, the impact of technical assistance seems to have been limited. The TA programme in the SASP, which was aimed at improving budgeting in the social sectors, had limited success. The success of other donors has also been limited in this area. The 1997 evaluation of the Integrated Roads Programme found that, despite over 320 man-years of TA, the institutional improvement strategy had not been successful.

The difficulties in donors' Technical Assistance programmes in Tanzania are linked to the Government's limited capacity to manage and monitor these programmes. In many cases, the TA is perceived by Government as an additional conditionality of an aid package and is not adequately managed or supervised. In this context, while TA is

nominally provided to support the Government, in many cases (given the Delegation staffing constraints), the TA is more effective in supporting central EC activities. This dual responsibility (Government and EC) can often compromise the effectiveness of the TA in building capacity in the Government.

Evaluation

Ex post evaluations are a strength of EC aid. However, while some of the lessons of recent evaluations have been included in the Strategy Paper, it has been difficult to feed these lessons into the design of new operations (although this has been happening in recent road projects). We were informed that there is a considerable backlog in project evaluations.

CHAPTER I. COUNTRY CONTEXT

A. Country Background

Country Details

Tanzania has an area of 945,000 square kilometres bordered by Kenya and Uganda to the north; Rwanda, Burundi and the Democratic Republic of Congo to the west; and Zambia and Mozambique to the south. With a population of 30 million growing at 2.5% per annum, Tanzania's per capita GDP of US\$120 (1995) is the third lowest in the world. About 36% of Tanzanian households are unable to afford basic needs. Tanzania is both one of the most populous and one of the least urbanised countries in Sub-Saharan Africa.

Tanganyika was colonised by Germany and then ruled by Britain, first as a League of Nations Mandate, and later as a UN Trusteeship Territory. It achieved independence in 1961. Zanzibar became independent two years later, after a violent coup had overthrown the minority Arab Government to which Britain had transferred its authority over the island. In April 1964, Tanganyika and Zanzibar agreed to form the United Republic of Tanganyika and Zanzibar, renamed United Republic of Tanzania in October 1964.

Table 1 - Main Features of Tanzania's Political System

Feature	Details
Independence	Tanganyika: December 9, 1961 Zanzibar: December 19, 1963
Constitutional Structure	Executive Presidency Single-Chamber Parliament
Parties represented in Parliament	CCM (Ruling Party): 186 elective seats Opposition Parties: 46 elective seats
Opposition Parties	CUF, NCCR, UMD, CHADEMA, DP, UDP

The Interim Constitution of 1965 established the rule of a single party with its clause on "single party competitive elections". Only in 1992 was the Constitution amended to allow for multi-party elections. The first multi-party elections were held in 1995. The Chama cha Mapinduzi (Revolutionary Party) or CCM won a large majority of seats in mainland Tanzania. Results in Zanzibar, which has a separate Parliament and President, were close and accusations of electoral frauds were widespread. Overall, Tanzanian opposition parties are small, poorly funded and poorly organised but the media is fairly active and independent.

Tanzania has played a prominent role in African foreign affairs, particularly in the Great Lakes Region. Its war with Uganda in 1978 led to the overthrow of the Idi Amin regime. More recently, Tanzania has played an important part during the Rwanda and Burundi civil wars and has been a major destination for many refugees from both countries.

An economy still very much dependent on agriculture

The Economy

Tanzania's economy is highly dependent on the agricultural sector, providing 80% of employment, 58% of GDP and 85% of exports. Tanzanian agriculture is based largely on smallholders tilling plots of less than 2 hectares and is oriented towards food crops (particularly maize) and livestock. The main exports are coffee, cotton, cashew nuts, cloves, tobacco, sisal and minerals (especially gold).

At independence, Tanzania had little developed infrastructure, and a fragile industrial base. During the mid-60s, difficult relations with the USA, UK and Germany led to closer links with China and Eastern Europe. In 1967, after a few years of a relatively liberal development strategy, Tanzania's first President, Julius Nyerere, embarked on a development strategy, based upon self reliance and 'ujaama,' - Tanzanian socialism. The relatively open economy became increasingly closed: companies were nationalised, import restrictions and foreign exchange controls were introduced and preferential treatment was granted to co-operatives and socialist villages. At the time, the World Bank and many other donors strongly supported these strategies which many felt were a model for other African countries.

Table 2 - Key Economic Indicators

Indicators	Latest Value (1995)	Avg Growth Rate % (1990-95)
GNP per capita	US\$ 120	1 (1985-95)
Population	29.6 m.	3
GDP	US\$ 3,602m.	3.2
Gross Domestic Investment	31% of GDP	
Exports of merchandise	US\$ 639 m.	10 (volume)
Imports of merchandise	US\$ 1,619 m.	12.7 (volume)
Overall Budget Deficit	2.2% of GDP (FY96)	
Official Development Assistance	29.9% of GDP	
External Debt/GDP	207% of GNP	

Slow process of structural reform

By the mid 1970s, the economy was experiencing severe problems. Successive emergency economic recovery plans did not bring growth or support from aid agencies. In 1986, the new Government decided to embark on an Economic Recovery Programme (ERP), supported by the Bretton Woods Institutions and other donors. The ERP aimed at transforming Tanzania into a market-oriented economy. In the last 10 years, reform has been most successful (albeit slow) in liberalising the foreign exchange and agricultural markets. Financial reform has proved particularly difficult. Reform in other sectors has been hampered by the weakness of GoT institutional capacity and the weak and uncoordinated donor support to the Civil Service Reform Programme¹.

Although Tanzania has liberalised external trade and payments, domestic prices and agricultural marketing, some segments of the economy are still dominated by public sector monopolies. Parastatals accounted for 13.7% of GDP and 30% of gross domestic fixed investment in 1991. While privatisation has somewhat reduced the role of the State in the economy since then, all the largest parastatals are still under State control.

¹ Tanzanian civil service belongs to the "low wage" classification, Ian Lienert, IMF Working Paper 97, 1997 *Decade of Civil Service in Sub-Saharan Africa*.

Governance and Public Administration.

In Tanzania there is consensus among donors and the Government that very little progress can be achieved without addressing the Civil Service Reform. However, donors' track record in capacity building among local institutions is poor. During structural adjustment, the trend towards reduction in the real wage of civil servants and wage compression has continued. Even after recent retrenchments, the Civil Service remains overmanned, but offers poor work incentives, while seminar and travel allowances (especially if donor-financed) distort efficient work decisions.

The Civil Service Reform Programme was begun in 1991 but progress has been slow. Until recently, the BWI emphasis has been on the reduction of the size of the Civil Service, and less on improving efficiency or delivering better service². The Civil Service Reform is supported by a few donors, however, and given the magnitude of the task, all major donors should support this programme.

**Good
governance
and corruption
are important
issues**

The low pay of the civil service and the weakness of institutions in Tanzania, have contributed to many Governance problems. The misuse of donor counterpart funds and tax collection contributed to the strained relations between Tanzania and its donors in the early and mid 1990s. Soon after his election in 1995, President Mkapa appointed a Commission of Inquiry to analyse the issue of corruption. This report (also known as the Warioba report)³ detailed instances of corruption in most sectors of the economy and its findings and recommendations have been widely discussed.

There is a consensus in the donor community that instances of corruption are still widespread. This was openly discussed in the last meeting of the Consultative Group (Dar es Salaam, December 1997). Some of these malpractices are presented each year in the Annual Report of the Auditor General. Some of the examples contained in the Warioba and the Auditor General's reports relate to the sectors of concentration of this study and in a few instances to EC projects (e.g. cost overruns in two road projects).

B. The Management of International Aid

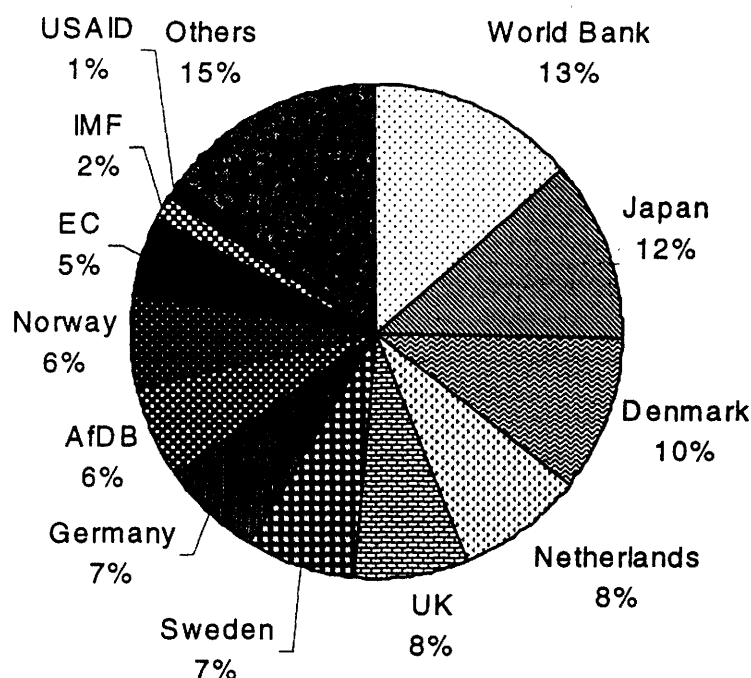
In-Country Aid Agency Representations

All major donors and international organisations are represented in Dar es Salaam. Based on 1996 net official development assistance (DAC data), the European Commission is the eighth largest donor after Japan, Denmark, the Netherlands, the United Kingdom, Sweden, Germany and Norway. (See **Figure 1.**)

² Norad, Nordic Initiative for Assistance to Civil Service Reforms, March 1995, *Civil Service Reform in Tanzania*.

³ Presidential Commission of Inquiry Against Corruption, *Report of the Commission on Corruption*, November 1996.

Figure 1 - Distribution of Net ODA among donors (1996)



Twelve EU Member States have diplomatic missions in Tanzania. The organisation of each donor representation is different. The Netherlands, for example, has fully decentralised decision making on aid management. Other donors with a more decentralised set up include DFID (whose office in Nairobi covers three countries), DANIDA, and SIDA. Centralised structures however seem to be prevalent.

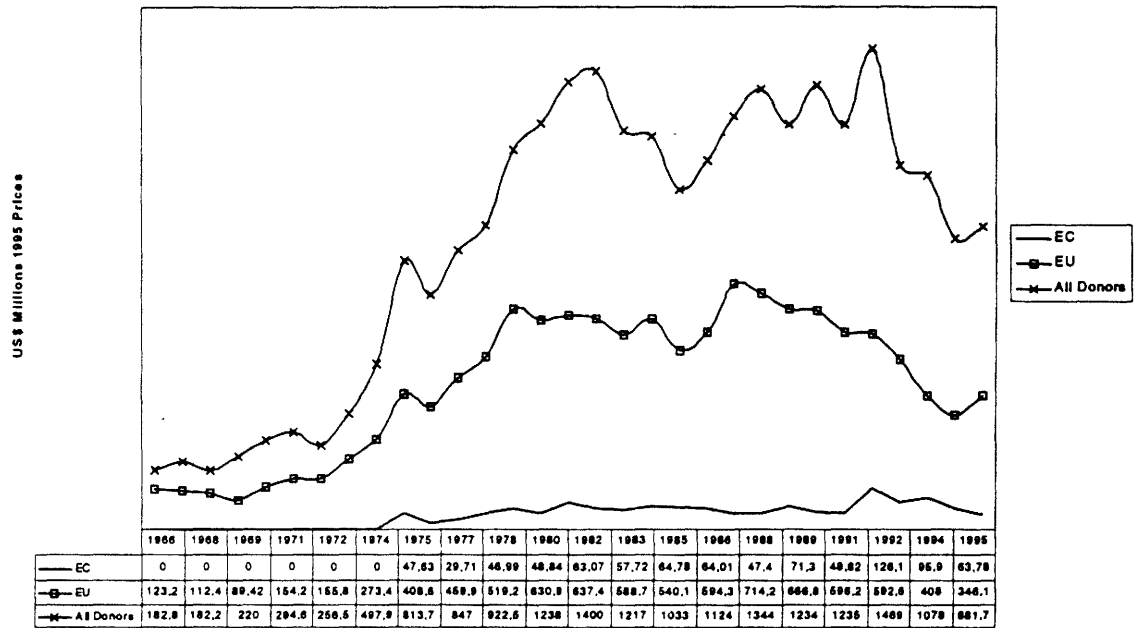
Role and Importance of International Aid.

Despite more than a decade of structural adjustment programmes, Tanzania is one of the most aid dependent countries in the world, with the ninth highest aid to GNP ratio (almost 30% of GNP). Tanzania has received ODA worth almost US\$30 billion (in 1995 dollars) over the last thirty years, equivalent to eight times its 1995 GDP. International aid to Tanzania is now back to the level it was twenty years ago. There was a steady growth of aid between 1966 and 1982 when the Government was trying to implement a strategy of "African socialism". After severe economic problems became evident, donor support for Tanzania started to weaken and aid declined for all of the first half of the 1980s. After the IMF-supported Economic Reform Programme was launched in 1986, donor support resumed again. However, the problems in fiscal management in 1993 led to a loss of donor support as evidenced by the decline in net ODA between 1992 and 1995. Aid flow has started to grow again with the election of the new government.

As shown in Figure 2, Aid from EU Member States and the EC accounts for half of total aid received by Tanzania in the three decades since 1966. EC aid has been about 10% of total European aid to Tanzania, but sometimes as high as 25% during the period 1992-96.

Aid dependency is high, and the EU as a whole accounts for half of aid to Tanzania

Figure 2 – Net Official Development Assistance to Tanzania
(1966-96; 95 prices)



Aid co-ordination is difficult

Institutional Arrangements for Aid Management.

The Tanzanian public administration has limited capacity to implement efficiently the significant volume of international aid it receives, particularly given donor fragmentation (sometimes competition). A recent study identifies up to 2,000 separate projects from 40 different donors⁴. The monthly Joint Government-Donor Meeting is the key local co-ordination instrument. In addition, there are also twenty Donor Co-ordination working groups and sub-groups (see Table 3).

Table 3: Sectoral Donor Coordination - Working Groups

<i>Groups and Sub-groups</i>	<i>Facilitating Agency</i>
Macroeconomic Issues, SPA/JEM	World Bank
Budget	World Bank
BOP Support	World Bank
Environmental and Natural Resources	Netherlands
Food and Agriculture	FAO/WFP
Forestry	GTZ
Education	European Commission
Private Sector Development and Parastatal Reform	USAID
Employment and Income Generation	
Governance	UNDP
Civil Service Reform	
Democratisation	
Infrastructure	
Roads	Swiss Development Corporation
Railways	European Commission
Power	Finland
Gender and Development	Rotating
Population, Health and Nutrition	USAID/WHO
Humanitarian Issues and Development	UNDP
Participatory Development	Finland

A recent report on development co-operation⁵ concluded that “the problems with regard to aid effectiveness and co-ordination in Tanzania remain, at their roots, the result of failure to match individual donor and government agencies’ interests with agreed and co-ordinated priorities.”

Co-ordination in the context of a weak public administration is particularly difficult. Member States noted that formal co-ordination is affected by the capacity limitation of donors, and by the difference in their institutional set-ups. The formal co-ordination meetings are sometimes not well organised. They may be chaired by donors who do not have the time to handle their administration, and who are not necessarily the leading sectoral donor. However, informal co-ordination, especially among “like-minded” donors (for example, among Nordic countries) appears to be quite effective.

⁴ Gerald K. Helleiner et al., *Report of the Group of Independent Advisers on Development Cooperation Issues between Tanzania and its Aid Donors*, June 1995.

⁵ *Ibidem*.

CHAPTER II. EUROPEAN UNION ASSISTANCE

A. Relative Size and Importance of EC Aid

European Union-Tanzania co-operation began in 1974. Support under the first three Lomé Conventions concentrated mainly on agriculture/rural development and transport. Under Lomé IV, structural adjustment became a major element in the aid programme. The EC and the Member States account now for half of all aid to the country. Tanzania is the second largest recipient of programmable assistance from the EC.

EC Aid has increased

The size and allocation of EC aid to Tanzania under successive Lomé conventions is shown in Table 4. A few trends in EU assistance have emerged over the last 10 years: (1) EC aid has grown substantially; (2) there has been a shift from project aid to programme support (SASP, Stabex), as the latter grew from 10% to 40% of total commitments between EDF6 and EDF7; and (3) within project aid, health and education have received more resources over time. However, transport remains the most important sector in the EU assistance programme to Tanzania. Transport, one of the sectors of concentration in this study, accounts for two-thirds of Tanzania's NIPs.

Table 4 - Size and Allocation of EU Assistance to Tanzania¹

	<i>Lomé I</i> (1976-1980)	<i>Lomé II</i> (1981-1985)	<i>Lomé III</i> (1986-1990)	<i>Lomé IV</i> (1991-1995)	<i>Lomé IV bis</i> (1996-2000)
Size (MECU)	154.4	190.9	234.6	431.9	N/A
Of which:					
• NIP	103.4	120.7	152.0	190.9	240.5
• Other EDF & EIB	36.1	31.0	51.3	218.9	N/A.
• Budget	14.9	39.2	31.3	22.1	N/A
Sectoral Focus of NIP	Economic infrastructure Rural development	Economic infrastructure Rural development	Economic infrastructure Rural development	Economic infrastructure Rural development Social sectors	Economic infrastructure Social sectors

Source: DGVIII Annual Report.

1. The table includes national programmable and non-programmable resources and budget lines. It excludes resources from the Regional Indicative Programme.

B. Institutional Arrangements for EC Aid

The ACP

The counterpart of the EC is the National Authorising Officer. The NAO is the Permanent Secretary of the Ministry of Finance. He has appointed three Deputy NAOs (i.e. the Desk Officer⁶; the Deputy Permanent Secretary, Financial Resources and Policy of MOF; and the Secretary for Treasury Services). The work of the NAO is mostly carried out by the Desk Officer with the support of an external Programme Support Unit staffed by local and foreign consultants.

⁶ The desk officer reports to the Commissioner for External Finance.

NAO support office is a separate project unit

The EDF Programme Support Unit (PSU) to the National Authorising Officer (NAO) started operations in 1994 with a staff of 20 and funding from an EDF project. The PSU has worked mostly with foreign and local consultants and in common with other donor funded projects it has paid supplementary payments to some civil servants. The PSU has also more recently received financing from SASP counterpart funds. The objectives of the PSU are to:

- facilitate close co-operation between the NAO and the Delegation; and
- support the administration and implementation of EDF funded interventions in Tanzania.

The PSU has had a weak *ad hoc* administrative set-up⁷. Consequently at times the co-ordination between the PSU and departments in the Ministry of Finance has been insufficient. More importantly, the PSU has had difficulties in carrying out its functions adequately. Recent reviews have found weak accounting and financial controls in the PSU, particularly in the management of counterpart funds. The Delegation still carries out much of the work that should have been done by the PSU (preparation of payment orders). The operations of the PSU are in the process of being reviewed. It is expected that this will result in the introduction of improved working practices and some staff changes.

The EC Delegation

The EC Delegation in Tanzania has nine expatriate officials (i.e. the Head of Delegation, two economic advisers, two technical advisers/engineers, an agriculture adviser, an administrative attaché, the Head of Delegation's Secretary – who performs some of the roles of a financial officer – and a Junior Programme Officer). The local staff is made up of seventeen support staff (e.g. accountants, secretaries, drivers, messengers, etc.). In addition to NIP projects, the Delegation staff has to supervise several Stabex sub-projects, 12 separate regional co-operation activities, and 30 operations funded under budget lines.

Most of the advisers do not have terms of reference for their assignment and their roles and responsibilities are mostly defined by their predecessors' workload. Training before field assignment to a Delegation is limited. In general, "for certain aspects, in particular social aspects, Women in Development, population, environment and sectoral or cross-cutting issues, the EC lacks depth and expertise. The same applies to the economic and analytical work needed for coherence and co-ordination. Consequently, the staffing situation for development co-operation in the EC remains questionable."⁸

Table 5 provides an assessment (indicative) of the relative staffing levels in the representations of selected donors in Tanzania. Although the disbursement ratio for the EC is broadly similar to these donors, the need to supervise 12 regional co-operational activities and 30 operations funded by budget lines suggests that the Delegation may be understaffed. This applies particularly in the monitoring of the reform programme and the social sectors. However, the Delegation noted that these weaknesses were beginning to be addressed.

However, a more critical issue is how these limited staff resources are utilised. It is difficult to assess the adequate staffing requirements of the Delegation because its staff

⁷ The PSU never implemented the recommendations of the 1994 review, Coopers & Lybrand. 1994. *Implementation Proposal for the EDF Programme Support Unit*.

⁸ DAC, *Development Cooperation Review Series: European Community*, No. 12, Paris, 1996.

are currently over-burdened by complex administrative tasks while decision making remains highly centralised compared to other donors. Delegation staff regard insufficient delegation of operational budgets as an important constraint on their work.

Table 5 - Disbursement-to-Staff Ratios for EC and Selected Bilateral Donors Operating in Tanzania^{1/}

Indicator	EC	SIDA	DFID	NL	Finland
Disbursement in MECU	33	54	56	62	9
No of Higher Level (HL) Staff ^{2/}	7	13	17	20	3
Disbursement per HL Staff	4,7	4,2	3,3	3,1	3,1

Source: For 1996 disbursements for each donor, *OECD DAC on-line database*. We have used this source to ensure consistency. Other data from interviews.

- 1/ In the case of regional offices, total number of staff times the share of Tanzania on total regional disbursements.
2/ In the case of the EC, this figure includes one Young Expert.

Member States: Co-ordination, Complementarity and Coherence⁹

Donor co-ordination is always difficult in a country with the problems that Tanzania faces – a very weak public administration, with a long history of macro-economic instability and foreign aid dependency, insufficient ownership of the reform programme and weak sectoral policies. In Tanzania, these factors are compounded by the large number of donors and the fragmentation of donors' projects and technical assistance¹⁰.

Donor co-ordination varies from sector to sector. In many cases, communication among in-country donors is difficult, and there are cases of intense donor competition. The twelve Member States that have diplomatic missions in Tanzania hold monthly Heads of Missions meetings, quarterly Economic Advisers meetings and quarterly Development Counsellors meetings. Most meetings are aimed at information sharing; joint operations (appraisal and evaluation) remain more elusive. This is due partly to the different development approaches among Member States (and other donors), and partly to their institutional set-ups, which differ in terms of both staffing and the decentralisation of decision-making.

In many cases the problem of external co-ordination is compounded by insufficient internal co-ordination between donors in-country and their headquarters representations. In many cases, Member States mentioned that they find communication with their headquarters difficult and often the view in the field is very different from that in headquarters (for example, views on the education sector development programme).

In the present context it is difficult to ensure that policy recommendations or projects are complementary. While some donors are particularly hopeful about the potential benefits

⁹ Art. 130x of the Maastricht Treaty states that "the Community and the Member States shall co-ordinate their policies on development cooperation and shall consult each other on their aid programmes, including international organisations and during international conferences." Other important principles are coherence (Art. 130v of the Treaty) and complementarity.

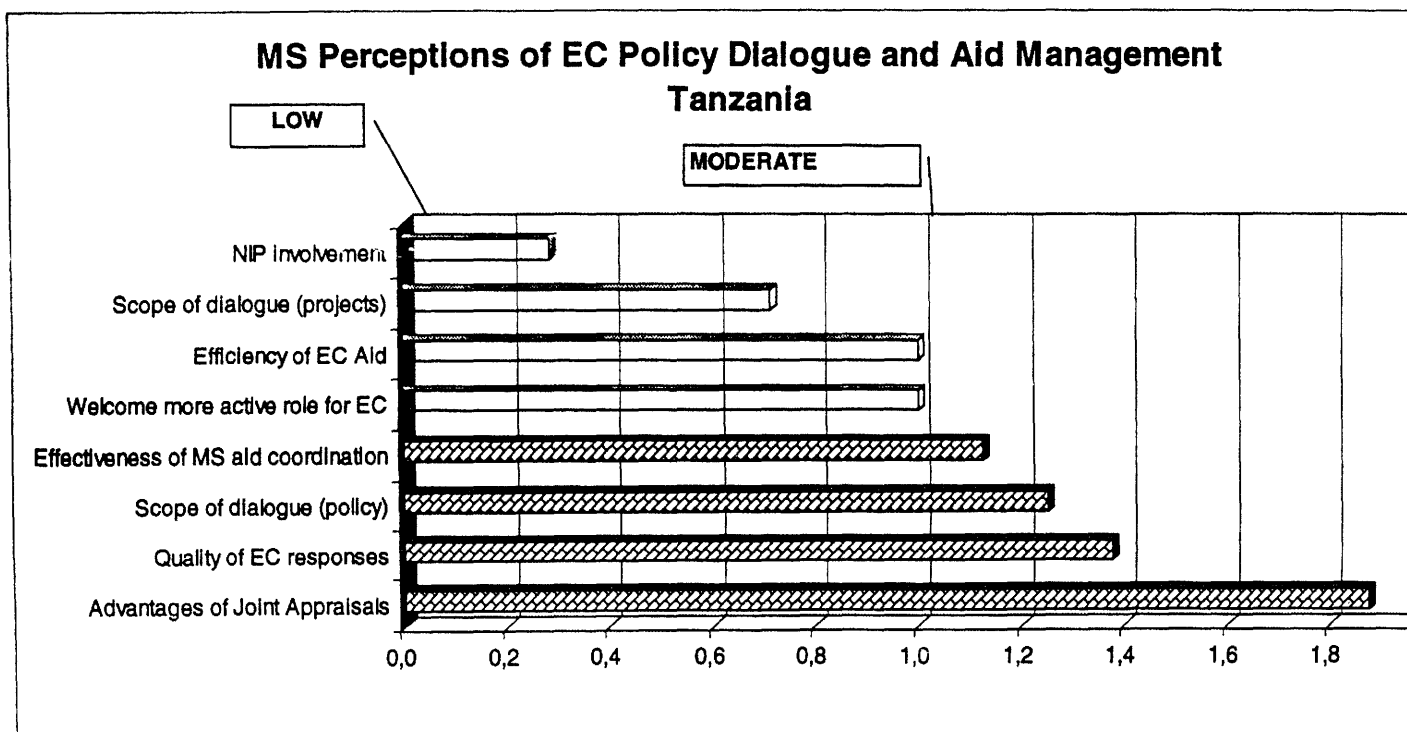
¹⁰ In fact, the operation of donor agencies in the country significantly alters the local labour market. See Labour Market Survey, February 1997. Consultancy report for the EC Delegation.

of the sector approach, others feel that this is a long process that requires the gradual strengthening of Government's institutions. They believe that the sector approach and co-ordination are difficult when the Government capacity is limited, and when its ownership and commitment to the process is in doubt (see discussion on the Transport sector). SIDA, however, has contributed to aid complementarity by pulling out from some sectors, based on its perceived relative strength and the work carried out by other donors.

We asked Member States representatives to provide a subjective evaluation of the work of the EC Delegation in policy dialogue, aid co-ordination and aid implementation. The results are presented in **Figure 4**. While the data need to be interpreted with caution, Member States representatives found EC staff responsive and appreciated the Delegation's efforts towards better co-ordination of its projects and policy recommendations with those of Member States. However, most interviewees appear to be less satisfied with their involvement in the National Indicative Programming exercise and operational co-ordination. Member States also support joint appraisals and evaluations strongly.

In consultations with donors, Member States were particularly appreciative of the technical expertise of the Delegation in the transport sector. In some cases, Member States were somewhat critical of the sectoral work of the World Bank. They believed that missions from headquarters, although technically very competent, often do not co-ordinate sufficiently with the sectoral work of other donors (e.g. transport and education sector conditionality in the structural adjustment credit). In their view, the World Bank also often insists on action plans and conditionalities that are not feasible given the weaknesses of the Government's public administration.

Figure 4



CHAPTER III. POLICY DIALOGUE

A. Indicative Programming

Key Features

The last two National Indicative Programmes were signed in October 1990 and March 1997 respectively. The priority sectors in the NIP EDF7 were transport and agriculture, with a secondary priority given to the social sectors (particularly water supply). In the most recent NIP, agriculture was replaced as a priority sector by the social sectors (urban water supply and education).

The introduction of the Strategy Paper (March 1996) strengthened aid programming analysis, particularly by including sectoral evaluation lessons. However, this document still underestimates the risks under the aid programme and is overly optimistic on Governance issues and the institutional achievements of both the Integrated Roads Programme and the SASP. The Strategy Paper mentions that the "choice of second focal sector is less clear cut", in fact, the choice of education as part of the second focal sector was not backed by sufficient sectoral expertise and staffing in the field.

The Delegation took a strong lead in the preparation of the Strategy Paper and the NIP. The Strategy Paper was subject to extensive consultations within the EC. The first draft of the Strategy Paper was prepared in May 1995 and it was finalised a year later. In May 1996, it was discussed by the EDF Committee and some Member States noted the need to include in the NIP poverty, environment, gender and regional issues. Member States also emphasised the importance of co-ordinated assistance (including joint operation) in capacity building. Finally, some Member States referred to potential difficulties in the EC's involvement in the education sector.

The Strategy Paper was a key input to the NIP programming. Initial discussions on the NIP began in mid-1996. However, they were delayed because of personnel changes in the Delegation. The Government initially favoured more focal sectors. The NIP was discussed in 6 sectoral working groups, constituted by 4-5 members each (including NAO, Implementing Agency, Technical Assistance and the Delegation). Discussions were organised in workshops¹¹. In November 1996, the NIP was discussed in a large workshop¹² and was then sent to Headquarters for final comments. The Comite de Suivi favourably reviewed the NIP.

The Delegation found the Strategy Paper and the NIP useful exercises. The process involved both Delegation staff and TA. Donor consultations in-country varied from sector to sector. Sectoral co-ordination was generally better in the sectors where the Delegation had more expertise. The addition of the education sector as part of the second focal sector was justified by the deterioration in education indicators. However, the Delegation realised that it had limited staffing and expertise in this sector.

The Government appreciated its increased participation in the NIP exercise. However, in Tanzania, given the weakness of institutional structures, the ownership of the programming process is always difficult. This is particularly problematic when project

¹¹ As with most other donors in Tanzania, workshops normally require payments to civil servants.

¹² In a note of November 1996, Headquarters insisted that the NIP should make reference to the Education Sector Development Programme. A month later, Headquarters recommended to increase the forecast disbursements for the education sector.

structures (including the PSU) are not fully integrated into Government structures. The private sector was well represented in the Coffee sector working group.

Member States' participation in the Strategy Paper and the NIP exercise varied from sector to sector. In some sectors, participation appears to have been limited. Member States noted the importance of encouraging joint programming and appraisal operations.

B. Structural Adjustment

Key Features

Tanzania has been under BWI supported structural adjustment programmes for more than 10 years. The policy dialogue on macroeconomic stabilisation, market and public sector reforms has been led by the BWI. During most of this period monetary and fiscal IMF benchmarks have been missed. At the same time, the BWI have gradually introduced more conditionalities in order to micro-manage change in Government institutions. However, this has not proved very successful. The Government has always found ways to continue to finance activities which it believed essential (e.g. parastatals). Several Policy Framework Papers have been produced over the last 10 years, they have been over-ambitious and their targets have frequently been missed. The ESAF programme was last declared "off-track" in November 1993, and was replaced by a Staff monitored programme in June 1996. The current ESAF arrangement was signed in November 1996, and continues to be on-track.

In the last 10 years, reform has been most successful (albeit slow) in liberalising the foreign exchange and agricultural markets. In contrast, financial reform has proved particularly difficult. Reform in other sectors has also been hampered by the weakness of institutional capacity and political will on the part of the Government, and by the weak and uncoordinated donor support to the Civil Service Reform Programme¹³. The Government's policy dialogue has also been affected by this institutional weakness and by the Government's dependence on external aid. The micro-management introduced by the BWI partly explains why the Government often agrees to conditionalities that it knows it will not be able to implement. In other cases, civil servants are contracted by donors to be consultants in sectoral work¹⁴. All these factors may compromise Government ownership of the reform programme may be compromised.

The dialogue on macroeconomic stabilisation and structural reform has been almost exclusively carried out by the BWI. During the last few years, the Delegation has had limited capacity to monitor economic developments and has not been significantly involved in policy dialogue in the general reform process. In the past, co-ordination with the World Bank appears to have been limited and the EC did not participate in Public Expenditure Reviews.

Since July 1992, the EC has provided Tanzania with three SASPs, totalling 120 million ECU¹⁵. The SASPs are intended to support the overall reform programme as well as the accessibility and quality of health and education services.¹⁶ This is to be achieved through counterpart fund support to the Government budget and through the support

¹³ Tanzania's civil service belongs to "low wage" classification, IMF Working Paper 179, 1997, *Decade of Civil Service Reform in Sub-Saharan Africa*.

¹⁴ They can also receive overtime payments or sitting allowances or trips abroad. This was already noted in the 1989 Public Expenditure Review. World Bank.

¹⁵ SASP 1 for 30 Mecu, SASP 2 for 55 Mecu and SASP 3 for 35 Mecu.

¹⁶ However, the most recent SASPs have not been targeted at the health sector, given the presence of other donors in this sector.

given to sectoral budgetary improvements. The SASPs were to provide counterpart funds to the non-wage recurrent budget of the health and education sector and SASP conditionality was linked to both the ESAF and the social sectors. However, during implementation this budgetary approach proved difficult to follow.

Technical Assistance was allocated to support improvements in the social sector budgets. However, their achievements were extremely limited because of the weakness of the Government's fiscal stance and its public administration capabilities, and because of staffing constraints on the Delegation's monitoring and donor co-ordination capacities. In practice, the TA programme was not well integrated with Government structures¹⁷.

The SASP represented almost 40% of EC's total commitments to Tanzania under EDF 6 and EDF 7. It is the largest EDF financed operation. However, insufficient manpower in the Delegation and support from Headquarters did not facilitate effective economic monitoring or an active policy dialogue with the Government on reforms on the social sectors (including budgeting).

The Delegation notes that its work is constrained by the administrative workload. SASP policy decisions are taken by Headquarters and this, in the past, has created some frictions. In some cases, the Delegation has argued for the disbursement of SASP funds even when the reform programme was off-track. The Delegation, with the NAO, had more control on the use of SASP counterpart funds.

Government officials believe that the BWI have the upper hand in economic reform negotiations. In this context, the Government has often accepted unrealistic or contradictory conditionalities. They value their close relationship with the Delegation and its support in the use of counterpart funds, although some officials believe that SASP funds are linked to too many conditions and are often an unreliable source of funds.

In our consultations, the BWI and Member States noted that the Delegation seemed to have staffing constraints which affect the monitoring of economic developments and its policy dialogue in social sector reforms (including budgeting). These constraints also affected in-country donor co-ordination.

At the same time, most Member States were concerned by the "high flying" approach of the BWI. In their view, BWI are quick to identify solutions but have more difficulties in establishing priorities and realistic action plans. Their relatively small in-country presence makes it more difficult for them to understand the institutional weakness in Tanzania and to monitor donors' sectoral dialogue with the Government. This can sometimes lead to BWI interventions which can have negative impact on donors' sectoral programmes. For example, in the context of the ESAF review in mid 1996, the Government decided to use the Road Fund to support the general budget (see next section). Similarly, a number of other donors noted that the recent World Bank Structural Adjustment Credit included a number of conditionalities in the social sectors without sufficient consultation with the key donors in the sector.

¹⁷ This refers to the Budget Improvement Support Programme and not to the small but important TA support for the introduction of VAT.

Evaluation

The process of structural adjustment in a country like Tanzania is particularly difficult. The SASP has supported the overall reform programme. However, the achievement of its specific objectives have been affected by the difficulties in the overall reform programme and in particular by the weakness of the Civil Service Reform Programme. Staffing constraints in the Delegation and the underestimation of the difficulties involved in managing the SASP have led to limited policy dialogue on social sector budgetary reforms, limited donor co-ordination and insufficient monitoring of reform developments.

C. Policy Dialogue in the Transport Sector*Key Features*

The main features of donor assistance to the transport sector in Tanzania are summarised in **Box 1**.

In the 1960s the road network was quite adequate and relatively well managed, but it seriously deteriorated during the 1970s and 1980s. Funds allocated for maintenance declined from US\$800 per km in 1968 to US\$400 in 1988. In addition to low levels of funding, the deterioration of roads was caused by fragmented and weak management of the network. With the Economic Recovery Programme in 1986, the rehabilitation of the country's roads became a priority again. Preparation for the Integrated Roads Project (IRP) started in mid 1987 with a study to determine what actions would be needed to improve conditions of rural roads. The Government then held a Transport Sector Donors' Conference in December 1987 to present a draft National Transport Policy. A series of studies were carried out between December 1987 and December 1989 when the Government presented the Integrated Roads Project at the Paris Consultative Group meeting. IRP was launched in March 1991. Since 1991, the Coordination Office for Donor Assisted Projects (CODAP) has been in charge of donor coordination. Monthly and quarterly reports are distributed to all donors involved in the project and donors meet twice a year in a conference chaired by the Permanent Secretary.

During the preparation of IRP, co-ordination was relatively straightforward as it meant sub-dividing construction among various donors. Since the early 1970s donors had been operating in particular districts. The multilateral agencies essentially filled in the gaps in the network. The EC felt at the time that its comparative advantage was in construction and not institutional capacity building, an area where the World Bank was instead starting to operate in several African countries. Similarly, the Delegation did not have enough field staff or technical back-up from Headquarters to play a key role in the policy dialogue in the transport sector. Until 1996, leadership in the key areas of policy dialogue and institutional strengthening was therefore provided by the World Bank whose IRP Task Manager became the Bank's Resident Representative in Dar es Salaam during the first half of the 1990s. The EC had a very limited role in both areas. Under IRP, the World Bank provided one quarter of the funding for construction but more than three quarters of the financing for institutional strengthening, while the EC provided 28% and 6% of the financing in these areas. (For a discussion on institutional arrangements in the transport sector see **Box 4** in the next Chapter).

Box 1 - Donor Assistance to the Transport Sector in Tanzania. An Overview.

Tanzania has a surface area equivalent to Spain and France combined. More than 80% of the almost 30 million population live in rural areas with concentrations on the geographical periphery. Given the dispersed nature of economic activities, the transport sector plays a very important role. Besides integrating domestic markets, the transport system provides an outlet to the sea for Malawi, Zambia, Burundi, Rwanda, Zaire, and Uganda. Roads are the main mode of transport, accounting for 60% of the global road and rail freight haulage. The road network consists of about 3,800 km of paved trunk roads, 6,500 km of unpaved trunk roads, 20,000 km of regional roads, 24,000 km of district roads and 30,000 km of feeder and unclassified roads. There are two railway systems, Tanzania Railway Corporation (TRC) serving the north (2,640km) and Tanzania-Zambia Railway (TAZARA) in the south (970 km). There are 3 ocean ports (the largest being Dar Es Salaam) as well as ports in Zanzibar.

A. Integrated Roads Project

Its activities and impact are summarised below.

<i>IRP Component</i>	<i>Objective</i>	<i>Input</i>	<i>Impact</i>
Upgrading and rehabilitation of paved roads	1,526 km 17 road sections	✓ US\$ 616 million for rehabilitation ✓ US\$ 93 million for maintenance	1,454 km 11 sections
Rehabilitation of gravel trunk roads	2,546 km 12 roads		1,129 km 6 roads
Rehabilitation of rural gravel roads	3,000 km		3,605 km
Rehabilitation of Trunk Road Bridges	30 bridges 10 ferry crossings		1 bridge (construction)
Institutional Strengthening	Well functioning organisation to manage & administer the road network	✓ 320 man years of TA ✓ US\$104 million	Very low

Due to lack of maintenance and extraordinarily heavy rains, conditions of Tanzanian roads have started to deteriorate again, a reminder of the "build-collapse-build" circle of the 1970s and 1980s. Several bridges have collapsed and the road network is interrupted in several points. The cost of bringing the road network to a maintainable good condition again has been estimated at US\$240 million over a three-year period, equivalent to a third of the entire physical investment under IRP-I.

B. Railways Restructuring Project

At the beginning of the 1990s, the Tanzania Railways Corporation (TRC) was performing poorly due to an old track and a relatively elderly and problem-prone set of locomotives, of nine types. Since 1992, the Railways Restructuring Project (RRP), co-funded by the World Bank, CIDA, KfW, DFID and the EC, has been assisting TRC in upgrading a small part of the track, rehabilitating locomotives, wagons and coaches and in strengthening TRC itself.

The outcome has not been satisfactory. A recent joint supervision mission concluded that: "RRP has not achieved its (perhaps optimistic) objectives of assisting the Tanzania Railways Corporation (TRC) to make the radical shift in its culture and level of performance. If railways in Tanzania are to play their crucial role in economic development, it is clear that a very different approach is needed. Under this circumstances, it would not be possible for the mission to recommend to their management a continuation of assistance as envisaged under RRP." The different approach mentioned above is privatisation of TRC, which is being prepared.

The IRP programme was designed taking into account the needs of neighbouring countries (e.g. Central Corridor). The regional dimension was however limited to the design stage in deciding which roads to rehabilitate. During the construction stage, EC regional roads projects were regional in funding but the implementation was kept at national level. The Road Maintenance Initiative, sponsored jointly by the EC and the World Bank, held several regional seminars but the commitments made there by Governments were infrequently followed by actions.

Until 1993 donor views on IRP were generally positive. Even the March 1996, EC Strategy Paper was quite positive on the progress of the IRP: "Institutional reforms and the strengthening of key organisations such as the Ministry of Works, which has benefited from funding for training and substantial Technical Assistance (TA) from the Community and other donors, has been an important factor in the improving of sector performance". These positive assessments were partially explained by the fact that road construction and rehabilitation was completed only at the end of 1995 and this stage is usually the more straightforward in road projects. However, the risks relating to maintenance and the capacity of MOW had been raised by the EC and other donors since the early 1990s.

There is now general agreement that governments should avoid increasing the asset value of the road network without generating the additional revenues to maintain it. When IRP was designed, roads were in a condition that required rehabilitation more than maintenance. However, as rehabilitation of roads was being completed, the focus shifted towards maintenance where Tanzania had very limited capacity, both in manpower and financial terms. During the preparation of IRP, there was little analysis of the standard and type of road network that Tanzania could afford to maintain. Using the World Bank's User Charge model, a recent Government paper estimated that the network is now worth US\$ 3 billion and requires about US\$ 90 million a year in maintenance. The cost of no maintenance is estimated at US\$1 million a day.

In this context, the key policy issue quickly became to ensure that Government kept its commitment to adequately maintain the road network that IRP donors had contributed to rehabilitate, as in the case of IRP-I:

"one precondition for achieving the anticipated return on investments is that maintenance is carried out as prescribed. IF that is done it appears that the investments in trunk roads rehabilitated under IRP, both paved and gravel, can yield the envisaged return."¹⁸

A crisis between donors and the Government arose in mid 1996 when the Government Budget for FY96/97 showed no allocations to the Road Fund¹⁹. This was done in order to facilitate agreement with IMF conditionalities. Moreover, during the first four months of FY97, only 12.5% of the amount agreed under IRP was transferred to the

¹⁸ Carl Bro International, *Comprehensive Review of IRP, Draft Final Report*, August 1997.

¹⁹ The Road Fund was created in August 1991 through a Parliamentary Resolution. The fund was set up according to clause 17(1) of the 'Exchequer and Audit Ordinance' (Cap. 439) which permits the Government to open special funds. The objective of the Road Fund is to meet maintenance costs for Regional core roads. It is funded through a fuel levy. The FY97 Budget showed an allocation of nil to the Road Fund under MOW (Supply Vote 47, Sub-vote 345, Item 3919) and no provision for allocation under the Prime Minister's Office/Local Government (Supply Vote 37). The allocation for the Road Fund was instead part of the Contingencies of the Ministry of Finance Budget Division (Vote 50, Sub-vote 390, Item 4804). Only Tsh 1 billion was released during the first four months of FY97 while Tsh. 15 billion were released in the following eight months after the joint letter from IRP donors. The FY98 Budget included an allocation of Tsh. 20 billion for the Road Fund (Vote 47, Programme 60, item 3200).

Ministry of Works (MOW). The EC Delegation co-ordinated a strong letter from all the major donors (except the World Bank) requesting Government to resume releasing funds to the Ministry, and succeeded in its efforts, as annual disbursements by the end of the fiscal year reached 96% of the IRP indicative amount. However, at that point donors were not aware that up to a third of the Road Fund's allocations to the MOW had been improperly used during the previous three fiscal years, as revealed by the Road Fund's audits made available only in early 1998²⁰.

The mid-1996 crisis was a warning signal for donors. In this context, EC Headquarters began to question the monitoring system used under IRP.

"The report from CODAP gives information on the execution of donor funded activities but no real information on what is being carried out by the MOW on maintenance, what institutional reforms are under way, what are their scheduled dates, what is the impact of the axle load controls, what are the expected and real revenues from the Road Fund."

During the following year, the EC began to reconsider its overall assistance strategy in the roads sector. By mid 1997, the EC reached the conclusion that the highest economic returns in the sector would come from institutional strengthening and maintenance projects. By the end of the year it decided to reallocate ECU 100 million from road upgrading programmes to backlog maintenance of priority roads. This strategic shift is opposed by Government officials who have insufficient interest in institutional reform²¹ and are under political pressure to build and to rehabilitate roads.

Like the EC, other donors also shifted their policies in the sector. Donors shifted their focus from making sure that resources were available to the Roads Fund to understanding how these funds were being used.²² Ambassadors and representatives of all major IRP donors sent a letter to the Government stating that *"reporting has tended to avoid critical policy issues, and donor co-ordination has been ineffectual."* The letter also pointed out that the reform of the institutional arrangements for programme execution should receive priority attention and that the maintenance situation was *"untenable"*. *"The IRP is at a crossroads. With agreement on the fundamentals, we will have a basis for restructuring IRP-II, agreeing on priorities for the next phase of rehabilitation, securing adequate resources for maintenance, and generally re-establishing the program on a sound footing. Without it, few among us will be able to justify the continued allocation of large amounts of resources to the program."*

The Delegation was aware of the current difficulties in policy dialogue with the Government and the responsibilities associated with leading the policy dialogue in this area. In particular, relations with the Ministry of Works had been difficult at times during the last year, as the Delegation has often criticised its poor performance.

²⁰ The audit for FY94 and FY95 revealed that out of Tsh. 16 billion remitted from the Treasury to the Ministry of Works Tsh 1.7 billion had been used for purposes that had nothing to do with road construction or maintenance. Tsh. 1.4 billion had no supporting documentation and Tsh. 2.6 billion had been used to pay a revision on ten major contracts. The audit for FY96 found excess expenditure for Tsh. 1.8 billion, unvouched expenditures for 1.6 billion and a loan to the development account for Tsh. 1.3 billion. Both audits "failed to ascertain the correctness of financial statements due to significant variances noted between the financial statements and the books of accounts" and concluded that the financial statements "do not present fairly the position of the Road Fund."

²¹ In some cases, some officials can benefit from the institutional weakness of a ministry like MOW which administers substantial amounts of money, while others are concerned that institutional reform might mean retrenchment.

²² DANIDA played an important role in the change of policy direction.

Government officials noted their disagreement with the EC decision to reallocate NIP resources from road upgrading to maintenance and institutional strengthening. However, the Government is very appreciative of the quality of dialogue with the Delegation.

Member States welcome the leadership in policy dialogue exercised by the Delegation in the last year and they acknowledged the significant expertise of the Delegation in the transport sector. Some Member States were concerned about frictions between the EC and the World Bank and were somewhat critical of the World Bank's co-ordination with other key donors in the sector. They were also concerned of the role of the BWI in the mid-1996 crisis over the Road Fund.

Evaluation

Several lessons have emerged from the experience of the Integrated Roads Project. IRP was designed before the debate on sector wide approaches started and it did not benefit from the lessons emerging from this debate. **Table 6** below reviews IRP using the principles and preconditions identified by Harrold²³ and later refined in the SPA meeting in December 1996. The IRP had important strengths like the strong Government ownership of the programme and a clear sector strategy. Preparation was also very participatory by the standards of the late 1980s, although road users had been only marginally involved. However, IRP was deficient in four areas:

1. the Ministry of Works did not have the capacity to manage such a large programme (in the words of an aid official, it was "choked" by donors);
2. TA was poorly co-ordinated and often poorly managed. The sheer size of TA (i.e. 320 man years) overwhelmed the Tanzanian counterparts;
3. roads, railways and ports were dealt with separately (and railways suffered from many of the same problems); and
4. implementation arrangements were different for each of the 17 aid agencies supporting IRP.

²³ Harrold, P. et al., *The Broad Sector Approach to Investment Lending*, World Bank Discussion Paper Number 302, 1995.

Table 6 - IRP as a Sector-Wide Approach

<i>Was the IRP a Sector-wide Approach?</i>	<i>Yes</i>	<i>Somewhat</i>	<i>No</i>
A. Preconditions			
1. Government leadership	✓		
2. Technical capacity			✓
3. Adequate standards of financial management			✓
4. Clear sector strategy	✓		
B. Basic Principles			
1. Sector-wide in scope			✓
2. Coherent sector policy framework		✓	
3. Local stakeholders in the driver's seat		✓	
4. All donors sign on	✓		
5. Common implementation arrangements			✓
6. Good design and management of TA			✓

The first precondition for a sector-wide approach was missing as the capacity of the Ministry of Works and the Ministry of Communications and Transport was minimal. The design of IRP was flawed in assuming that with TA support the MOW would become an effective implementing agency. In sectors such as agriculture, sector institutional assessments and sector management programmes now precede sector investment programmes by a few years. Similar lessons had been drawn from previous road projects in Tanzania²⁴ and are being applied to new transport sector investment programs in other countries (e.g. in the Uganda road sector, donors have decided to support a pre-investment project designed to strengthen institutional capacity before launching into a sector investment programme).

The policy framework was negatively affected by the uncertainties on the final administrative configuration for transport policy and road management and the institutional changes requested by donors under IRP-I were not made until very recently. These lessons have been internalised by donors and the current focus on maintenance and institutional strengthening is probably a move in the right direction.

The major difficulty now is how to build capacity in the road sector. As noted by the SPA Work Group 4, "it was one thing to lay out a vision of the final "ideal" institutional framework. But the immediate problem is what is the minimum acceptable level of performance in the various institutional areas (e.g. budget management, expenditure control, audit) that would give donors the confidence that chances of success are good. That level remains to be defined..." Donors have very few success stories in institutional strengthening in Africa.

In part as a result of donor pressure, the President has set up an Inter-ministerial Task Force to oversee IRP and appointed a new PS in the Ministry of Works. It is expected that a Road Agency will be established soon.

²⁴ See for example World Bank, *VI Highway Rehabilitation Project - Implementation Completion Report*, June 1995 p. v. "Undertake main institutional changes prior to project effectiveness. The structure of road administration has been subject to frequent changes under the implementation of the project. The result of these changes was confusion, poorly organised planning administration and ineffective long-term institutional and work force development."

D. Policy Dialogue in the Education Sector

This section is tentative because the involvement of the EC in the education sector policy dialogue is too recent to be adequately studied. It is important however, in view of the EC experience with the transport sector approach²⁵. Key features of the education sector in Tanzania are summarised in **Box 2**.

Since 1993, the World Bank has supported the reform of the social sectors and a greater role for cost-sharing (Social Sector Review, 1994 and the Human Resource Development project). Initially, this created some frictions with other donors. However, co-ordination between the World Bank and other donors appears to have improved as a result of a meeting with Nordic donors (January 1996), the joint appraisal of the HRD project (March 1996) and a reduction in the scope of this project.

Box 2 – The Education Sector in Tanzania

The education system in Tanzania has been a major constraint on potential economic growth. The proportion of children going through the education system is small, and the quality of teaching is low. While numbers enrolled in the lowest years of primary education are moderate, high dropout rates and a small secondary system mean that very few children reach higher levels. In many cases, teachers have insufficient qualifications. There is also a severe shortage of textbooks. Institutional management of the sector is fragmented²⁶ and there appears to be insufficient accountability. The school inspectorate is understaffed, and has failed to prevent schools' quality from declining.

In the 1990's, the Government produced a number of major policy documents²⁷. However, sector reforms are difficult to implement given the sector's institutional weakness, its fragmentation and the problems posed in co-ordinating a large number of donors. The major donors in the education sector are Denmark, Sweden and Norway. Donor support has been historically biased against primary education, with secondary education receiving 30% of total donor funds, vocational training 21% and tertiary education 15%.²⁸

The EC has been involved in the education sector through a number of dispersed interventions in human resources development, and through SASP activities²⁹. However, the EC realised that, given the difficulties associated with a project-based approach, these aid interventions could be more effective in the context of a sectoral approach. Moreover, since April 1997 the EC has been formally responsible for the co-ordination of donors in the sector, decision by the Member States' Director Generals³⁰. All this process eventually led to the "Institutional Strengthening for the

²⁵ The analysis of education policy dialogue under the SASP has been discussed in the previous section.

²⁶ Ministry of Education and Culture, Ministry of Science, Technology and Higher Education and the Prime Minister's Office are responsible for the management of the education sector.

²⁷ The Tanzanian Education System for the 21st Century (1993), The Integrated Education and Training Policy (1993), The Tanzanian Education and Training Policy (1995).

²⁸ Donor Assistance to the Education Sector in Tanzania, DANIDA, December 1994.

²⁹ The nature of the Human Resource Development Programme interventions does not allow their description in this report. However, this programme will be subject to an external evaluation and audit.

³⁰ The EC was selected for this role because DANIDA had decided to reduce its interventions in the sector.

Education Sectoral Development Programme”, a 1.9 MECU project approved in June 1997³¹.

The EC initiated its more active role in the education sector in August 1996, when it decided to finance the creation of the Education Sector Co-ordinating Committee (ESCC) and its Secretariat. This new structure is chaired by the Permanent Secretary of the Ministry of Education and Culture and is aimed at improving the management of the sector. The Secretariat supports the ESCC and is staffed by local consultants. Since then, the EC has provided financing³² for the attendance of ESCC meetings and for the operational costs of its Secretariat³³. Initially, the EC intended to finance the ESCC only for a few months. However, no other donor has contributed to the financing of the ESCC and Secretariat as yet.

At the same time, DFID had been working separately in an ambitious institutional project for the education sector. The project was approved in May 1997, GBP 1.8 Million³⁴, and supported the creation of six additional administrative and technical structures. Its Technical Assistance is co-ordinated by a managing agent³⁵. The use of Technical Assistance appears to be high. A recent report from this agent shows that in the last quarter of 1997³⁶, it had contracted 12 consultants and printed 133,585 report pages, while for the first quarter of 1998, it had contracted 55 consultants and researchers.

The EC policy dialogue has focused on the support of a Sector Development Programme in the education sector. This has contributed to the completion of the Basic Education Master Plan and its adoption by the ESCC (February 1997). However, given the institutional weakness and fragmentation of the education sector, the EC has pursued this dialogue while financing new quasi-government structures and, in some cases, providing allowances to Government staff. This is a practice common to other donors in the sector but perhaps more problematic in the context of a sector approach.

The EC has worked hard to implement the sector development programme, but manpower constraints in the Delegation have limited its capacity to closely monitor the impact of complex institutional reforms and to co-ordinate its activities with other donors. However, the Delegation staffing for the education sector has recently improved.

In March 1998, the appraisal of the Education Sector Development Programme (SDP) was postponed. Donors jointly wrote to the Government that a “common understanding of the main elements and implications of the SDP and its linkages with other reforms (particularly in the civil service) was still missing”. This joint position was effectively co-ordinated by the Delegation (February 1998³⁷).

³¹ Local experts ECU 360,000; short term international experts ECU 540,000; capacity building/training ECU 200,000; Equipment ECU 500,000; Operational cost ECU 210,000 and Contingencies ECU 100,000.

³² The EC contracts the Economic Social Research Foundation to provide support to this quasi-government unit and to implement the administrative arrangements. (Information as of March 1998.)

³³ The introduction of additional structures (Sector Management Group, as well as the Technical Advisory Support Team), has expanded the structures financed by the EC.

³⁴ “Support to the Tanzania Education Sector Development Programme, Management and Design”.

³⁵ The EC selected a different agent in August 1997.

³⁶ Excluding some DFID consultants supporting TAST.

³⁷ Letter to Ministry of Education and Culture was signed by 11 ambassadors/representatives (February, 1998).

The Delegation is aware of the difficulties in carrying out policy dialogue with the Government and co-ordinating donors with limited staffing. Missions from Headquarters have been useful but not as frequent as needed. In the last few months, a Delegation adviser has been more active in the education sector but this is probably at the expense of other key activities.

Government officials in the education sector are appreciative of the financial resources they have received from the EC to finance new quasi-government structures. However, they believe that the SDP requires more flexible access to EC resources, more use of local consultants and increased "local compensation" for technical staff involved in the education SDP³⁸ (see **Box** below). Education officials also believe that donors should contribute to an Education Fund. However, some Treasury officials are more sceptical about the sustainability of these arrangements.

**Box 3 - Constraints on SDP Education Process according to Internal Review
(December 1997)**

- A. Lack of an appropriate and effective level of incentives and rewards to technical teams;
 B. Stagnated budgetary support for SDP management and activities
 C. Inability of the managing agent to cope up with SDP work schedules caused *inter alia* by:
- constraints on budgetary flows for SDP activities;
 - slowness in effecting payments;
 - lack of clarity between Sector Management Team and Economic Social Research Foundation (ESRF) on the point of contact for defining and drawing down EU local finance support for SDP activities;
 - inefficient operating procedures between SMT, British Council/ HEDCO and ESRF, resulting in an absence of common systems and technical/framework reporting;
 - lack of a Technical Assistance Account to receive donor SDP support funds to be operated by the Government and Managing agents.

At the time of our visit, Member States and the World Bank noted that they were not fully aware of the nature of the EC support to the education SDP and that co-ordination among key donors in the SDP process had been weak. However, these donors also recognised that the Delegation has recently played a very effective role in co-ordinating donors and helping to define common donor positions (as with joint letter, February 1998). Most donors also noted that the new quasi-government administrative structures are not linked yet to the Civil Service Reform and might prove unsustainable. They expressed some concern that the education sector might not have yet the management capacity to deal with a large number of consultancies, reports and financial resources. Some donors also noted that part of these activities are mainly driven by foreign TA³⁹.

Evaluation

The EC policy dialogue in the education sector has contributed to the Government formally adopting a sector development programme⁴⁰. However, the experience in the Transport sector shows the difficulty of implementing this approach in the context of weak Government institutions. As in the road sector, the first steps in the sector approach appear to have underestimated the sustainability of new institutional

³⁸ See also the SDP Internal Review, December 1997.

³⁹ Significantly, consultants were not invited to the recent SDP pre-appraisal (March 1998).

⁴⁰ DFID has also played a key role, with the support of Ireland.

arrangements, the difficulty of addressing the low pay of key Government staff and the manpower demands of effective donor co-ordination. More recently, donor co-ordination in the sector appears to be improving and there is increasing consensus on the need to co-ordinate the sector development programme with the wider civil service reform process.

E. Incorporation of Poverty, Governance, Environment and Gender

Poverty
alleviation is
main objective
of latest NIP

Poverty, governance, environment and gender are key factors in the effectiveness of aid implementation. For example, a recent study reports that "analysis of the determinants of project success shows that both government credibility and freedom from corruption are positively related to project outcome."⁴¹ Similarly, "projects with gender-related actions achieved their overall objectives – that is, received a satisfactory outcome rating – in relatively greater proportion than projects similar in sector and year of approval but without gender actions."⁴²

In the context of Tanzania, the latest NIP explicitly recognises the importance of the poverty criteria, "The overall objective pursued through co-operation under this Indicative Programme is the promotion of sustainable economic growth with particular attention to improving the welfare of the poorest sections of society". In the implementation of these aims, several programmes have tried to address the poverty objectives. A key objective of the SASP was to protect the social sector expenditures. However, this has proven difficult to achieve. More successfully, Stabex counterpart funds have been used as compensation payments to coffee farmers. Farmers spent these resources mostly on food, school fees and coffee inputs⁴³. This programme was designed to support coffee farmers directly and proved very efficient, although it was implemented outside the Government budget.

On the issue of Governance and corruption, most donors understand its importance and it was discussed in the latest Consultative Group meeting in December 1997 (Dar es Salaam). In our visit most donors recognised the significant and visible role played by the Delegation in keeping this important issues in the agenda, mostly through public speeches. Donors recognise that this is a very important but delicate role. In terms of the policy dialogue, the concept of Governance has been carried out by the Delegation's strong stance (co-ordinated with other donors) on the misuse of Road Funds. In the coffee sector, the EC has initiated an innovative policy dialogue with key stakeholders in the sector. It is trying to support the policy dialogue between the private sector and Government, to strengthen civil society. In operational terms, Governance has mainly been addressed through programme support to increased transparency and accountability in public administration. The EC also provided a grant of about 2 MECU to support the 1995 multi-party elections, as part of a larger donor program.

The design of recent projects has benefited from the availability of the 1993 Environment Manual. This manual is particularly helpful in determining the need for environmental impact assessments during project preparation. This is important because

⁴¹ OED, *The Annual Review of Development Effectiveness (ARDE)*, November 1997, The World Bank, Washington DC.

⁴² OED, *Mainstreaming Gender in World Bank Lending: An Update*, March 1997, The World Bank, Washington DC.

⁴³ Tibaijuka, A. *Study on the Impact of the 1990 Stabex Compensation Payment to Coffee Farmers*, 1994. University of Dar es Salaam.

a recent environmental evaluation⁴⁴ found that, in the past, environmental impact assessments had not been widely carried out in Tanzania. This situation has improved in recent transport and water projects. The EC has several important projects in the area of wildlife conservation and over 2% of its assistance under EDF 7 went to environmental protection. The gender manual and the National Gender Training Workshop (January 1998) appear to have been less effective in operational terms as yet.

F. Assessment of EC Policy Dialogue

The extent of EC policy dialogue with the Government in the context of the overall reform programme has been limited. However, the EC has begun to play an important role in the transport policy dialogue. On structural adjustment, the difficulties in the BWI reform programme, an over-ambitious EC programme and insufficient Delegation staff have led to limited monitoring of the reform programme and limited policy dialogue on social sector' expenditures and budgeting.

The main lesson at the sector level, both in transport as well as in education, has been the difficulty of implementing sector approaches (and donor-co-ordination) in a context where Government institutions are extremely weak. A key lesson in transport is that institutional strengthening and policy dialogue are difficult but unavoidable areas for EC involvement. Having left the leadership in both areas to the World Bank, the EC was the largest donor on road rehabilitation but it did not have much influence on these key factors affecting the performance of its programmes. The EC is now a key player in both areas but it will need to devote significant resources to these tasks both in the field and Headquarters. In the education sector, it would appear that to avoid more fragmentation of Government institutions and further weakening their financial accountability, donors need to jointly support the reform of the Civil Service. Systems by which individual donors determine civil servants' remuneration or finance Government structures are probably not sustainable⁴⁵.

In the case of the EC, the difficulties in carrying out policy dialogue with the Government and in donor co-ordination are compounded by the fact that the Delegation staff have limited time for these activities. This is explained by the number of activities in which the EC is involved and by its over-complex administrative controls.

Many of the difficulties in carrying-out policy dialogue are shared by other donors. While the use of conditionality has made the BWI dialogue more prominent, the track record of many reforms shows that Government ownership might have been compromised. Furthermore, some Member States believe that the BWI in some cases does not adequately co-ordinate with key sector donors. In this context, they support a more active role for the EC in sectoral policy dialogue.

⁴⁴ Environmental Resources Management, *Evaluation of the Environmental Performance of EC Programmes in Developing Countries*, June 1997.

⁴⁵ The problems of introducing a sector approach in this context also appear to be present in the Local Government Reform programme. See DAC Guidelines for Effective Aid, 1992.

CHAPTER IV. AID IMPLEMENTATION AND MANAGEMENT

A. The Instruments

The EC has provided about 5% of all official development assistance received by Tanzania in the last thirty years. While EC assistance was initially project related, the importance of non-programmable aid (SASP, Stabex) has increased steadily during the 1990s and accounted for about half of all commitments under EDF 7 (see **Table 7**).

Table 7 - EC Assistance to Tanzania under EDF 6, 7 and 8^{1/}

Sector	EDF 6		EDF 7		EDF 8 ^{2/}	
	MECU	%	MECU	%	MECU	%
Health	-	0,0%	0,0	0,0%	45,0	18,8%
Transport and Communications	178,9	57,2%	162,6	36,4%	120,0	50,0%
Education/Capacity Building	0,6	0,2%	25,1	5,6%	25,0	10,4%
Environment	-	0,0%	9,3	2,1%	-	0,0%
Agriculture ^{2/}	62,8	20,1%	6,9	1,5%	-	0,0%
Structural Adjustment/Stabex	32,5	10,4%	177,7	39,8%	25,0	10,4%
Trade/Tourism	10,0	3,2%	7,2	1,6%	10,0	4,2%
EIB Risk Capital and Interest Relief	26,4	8,5%	52,2	11,7%	-	0,0%
Emergency/Refugees	0,1	0,0%	2,9	0,7%	-	0,0%
Other	1,5	0,5%	2,5	0,6%	15,0	6,3%
Total	312,8	100,0%	446,5	100,0%	240,0	100,0%
<i>of which:</i>						
<i>Programmable Regional</i>	126,2	40,3%	70,1	15,7%	n/a	
<i>Non-programmable</i>	23,4	7,5%	217,8	48,8%	n/a	

Source: OLAS and NIP 1996-2000

1/ Scenario A: on-track IMF. RIP resources not included in NIP.

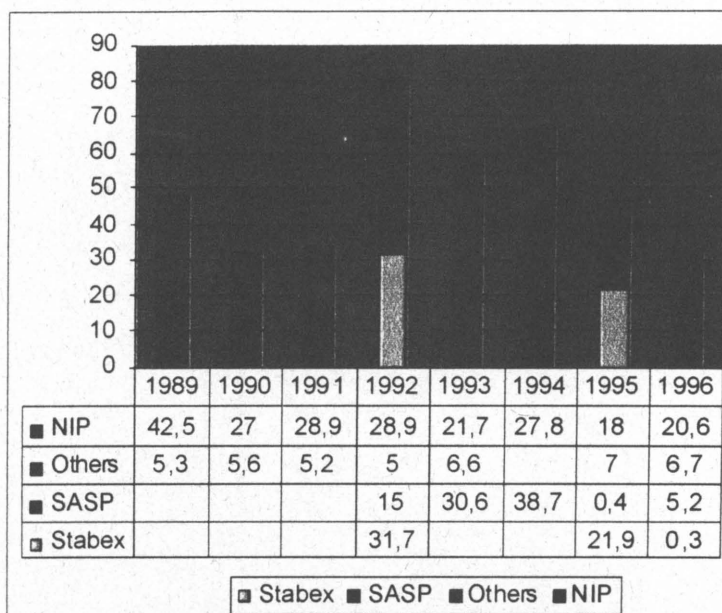
2/ No information available on sectoral distribution of micro-projects for EDF 6 and 7. We allocated the entire amount to agricu

Note: The sectoral allocation in this table has been prepared by the consultants using project information from the On-Line Accounting System (for EDF 6 and 7). Structural adjustment and Stabex are included as sectors for presentational purposes – it is not always possible to allocate these resources to sectors (see *Understanding European Community Aid*, ODI 1997).

Shift from
projects to
programmes
started

The decline in NIP disbursements (see **Figure 5**) is explained by the completion of most works under IRP-I in the mid 1990s and delays in the implementation of IRP-II.

Figure 5 - Payments by Instrument (EDF 4-7)



B. Institutional Arrangements

Aid implementation in Tanzania is characterised by the very low capacity of local counterparts. As noted by Helleiner, "The current weakness of the public administration has a long history. Among its causes were the numerous institutional and administrative changes considered necessary to promote rapid socialist development in the late 1960s and the 1970s."⁴⁶

The protracted economic crisis and the structural adjustment process have also taken their toll in the civil service by reducing the remuneration (particularly of senior staff) and by reducing operational budgets for many key ministries. The Civil Service Reform Programme was begun in 1991 but has progressed slowly. Until recently, the emphasis appears to have been more on the reduction of the size of the Civil Service, and less on improving efficiency or delivering better service. As recently as 1995, a mission for the Nordic Initiative for Assistance to the Civil Service found few signs of commitment to the civil service reform process.

International aid appears to have overwhelmed the limited capacity of the Government. In the implementation of their projects, donors have frequently designed implementation arrangements that bypass the Government's capacity, through: (a) payment of supplements or consultancies to some civil servants; (b) creation of parallel structures or units for the implementation of their projects; and (c) provision of long term ("substitution") Technical Assistance to Government departments. All of these strategies create significant problems. The first one can lead to donor competition and the fragmentation of the civil service while ownership may be compromised. The second overlooks the fact that parallel structures still need to interact with the Government system but have no leverage on it, while the third does not support sustainable capacity. The training component in these TA programmes is usually weak.

⁴⁶ Helleiner et al., *ibidem*.

Donors use these arrangements because of concerns about the efficient implementation of their projects. However, the weaknesses of these approaches are widely recognised (DAC Guidelines for the Effectiveness of Aid, OECD, 1992). While the support to the Civil Service Reform in Tanzania appears to be a more sustainable approach, donors are aware of its difficulties. However, some donors (e.g. Nordic countries) have called for a “mainstreaming” of project management, based on the integration of project management functions within the civil service.

Institutional arrangements are, therefore, difficult for most donors operating in Tanzania. In the case of the EC, the Programme Support Unit (Chapter II) was to support the NAO and the administration of EDF funded interventions. However, it has faced difficulties in carrying out its functions adequately. As a unit staffed with consultants working exclusively in EC programmes, its communication with Government departments has sometimes been insufficient.⁴⁷ Its weakness in accounting and financial controls might have affected the monitoring of some EDF projects, particularly the management of counterpart funds. In the case of the SASP, its implementation and monitoring arrangements were weak. Neither the Government nor the EC had the manpower to monitor such an ambitious programme. Eventually, the PSU was given the mandate for the monitoring of SASP. Similar difficulties have been experienced in other sectors.

In the transport sector, the main problem has been the frequent changes in the institutional set-up and the fragmented distribution of responsibilities. This has contributed to slow decision making and very little accountability in the sector (see **Box 4** for details). The implementation agency for EC funded projects has been the MOW, however its capacity has been affected by the implementation structures mentioned in **Box 4**.

According to the Helleiner report, parallel management structures are coupled with the proliferation of donor entry points (including local governments and communities and NGOs). In some cases, donors’ difficulties with the Government have led to the use of NGOs as implementing agents. However, the difficulties in co-ordinating NGOs should also be considered (there are over 8,000 NGOs in Tanzania).

⁴⁷ The implementation unit of the Human Resource Development Programme is also located in the PSU. In this case an implementation unit of a project reports to another implementation unit. It appears that a foreign consultant reports to a local consultant (Technical Co-ordinator of the PSU).

Box 4: Ever-Changing and Complex Institutional Arrangements for the Integrated Roads Project

A. Responsible Ministry

The Ministry of Works and the Ministry of Communications and Transport were merged and split four times in less than 15 years:

- 1984 Ministries of Works and Transport merged into Ministry of Communications and Works (MCW)
- 1991 MCW split into Ministry of Works (MOW) and Ministry of Communications and Transport (MCT)
- 1993 MOW and MCT merged into the Ministry of Works, Communications and Transport (MWCT)
- 1995 MWCT split again into MOW and MCT.

A recent evaluation ⁴⁸ found that "the Ministry of Works seems to have been under constant transformation over the last decade and it is difficult to find an organisational plan which can be said to be completely up to date." It should also be noted that the Ministry of Works is responsible only for trunk roads and regional roads, while the Prime Minister's Office is responsible for district roads.

B. Implementing Agency

Over time 15 units have been created to work on the implementation of IRP, mostly based on recommendations by the World Bank and focusing on its components. These include:

- ✓ Co-ordination Office for Donor Assisted Projects (CODAP)
- ✓ National Tender Committee (NTC)
- ✓ Plant & Equipment Hire Company Ltd. (PEHCOL)
- ✓ Regional Tender Boards (RTB)
- ✓ Contracts Control Unit (CCU)
- ✓ Road Maintenance Initiative Unit (RMI)
- ✓ Works Inspectorate (WI)
- ✓ Management Action Group (MAG)
- ✓ Women's Participation Unit (WPU)
- ✓ Road Safety Unit (RSU)
- ✓ Appropriate Technology Unit (ATU)
- ✓ Village Transport & Travel Unit (VTTP)
- ✓ Information Technology Centre (ITC)
- ✓ Procurement Management Unit (PMU)
- ✓ Bridges Unit (BU)

The introduction of IRP increased the contracts workload of the Ministry of Works from 5 contracts a year till 1990 to 80 contracts from 1991. Each procurement decision involved several offices and many of the above units within the Ministry of Works:

Office/Unit	No. of Steps Involved	
	Services	Works
Permanent Secretary	6	6
CCU	4	6
PMU	5	6
CODAP	9	8
NTC	2	1
Others	25	34
<i>Total</i>	<i>51</i>	<i>61</i>

⁴⁸ Carl Bro, IRP Review, 1997.

C. Programme and Project Cycle Management

Project Preparation.

The successful introduction of the Project Cycle Management and the logical framework to EDF interventions has done much to improve project preparation in the EC. However, in the difficult institutional context of Tanzania, there are still a few areas where more improvements are needed in project preparation. A recent capacity assessment study on Tanzania⁴⁹ found that “too much of the initiative in the selection and design of government projects lies with the donors.” As a consequence projects are often designed by donor staff or consultants that are insufficiently familiar with local conditions. Moreover, insufficient Government co-ordination leads to a situation where donors sometimes work at cross- purposes and in competition with each other. Evaluations by Member States often reached similar conclusions: “Country programme planning remains a strongly donor-driven process. The policy consultations hardly leave room for a dialogue about policy options and priorities in the development cooperation programme.”⁵⁰

The introduction of the logical framework approach has improved the preparation of EC projects. In the **transport sector**, there has been an observable improvement in the quality of financing proposals, in part the result of the introduction of a transport manual. The 1994 transport evaluation⁵¹ noted that many financing proposals did not include economic and financial analysis and recommended the introduction of the logical framework approach and simple 5 years monitoring schedules. These recommendations have been followed in more recent transport projects such as RUSIRM. The Financing Agreement of RUSIRM spells out the monitoring indicators and reporting procedures in a logical framework. Monitoring formats are also included in the Implementation Agreement and biannual audits by an independent auditing company were made mandatory. In the transport sector, recent projects have also become more specific on policy conditions, for example, RUSIRM contains detailed specific conditions and measures to support the transport policy dialogue (e.g. use of proceeds from the Road Fund, establishment of a Roads Agency, adequate maintenance of roads). In **structural adjustment**, the difficulties with the first two SASPs led to a very detailed implementation agreement for SASP 3 that included a log-frame. However, the programme was overly ambitious and the implementation timetable could not be followed. The implementation agreement was replaced in December 1997.

In some cases, the EC allocates insufficient manpower resources for project preparation and this limits the possibility of Government participation in the process. However, Government participation is also limited by its capacity constraints. In **structural adjustment**, Government often has insufficient manpower to examine EC programme and conditionalities in detailed. This has also affected the nature of conditionalities (too many and not well defined) and the ownership of the SASP TA programme of budget support (Treasury and Prime Ministers' Office).

The initial design of SASP was innovative and focused on a key priority area (social sector budgeting). However, time and manpower constraints of EC officials in the preparation phase resulted in limited co-ordination with the Government, and in an underestimation of the difficulties involved in managing the SASP and monitoring its

⁴⁹ The World Bank, *Study on Capacity Building in Tanzania*, draft, 1998.

⁵⁰ Operations Review Unit, Ministry of Foreign Affairs, *Evaluation of the Netherlands Development Programme with Tanzania, 1970-1992*, 1994, pp. 103.

⁵¹ TecnEcon, *Tanzania Transport Sector Evaluation*, 1994.

assumptions. The preparation of similar operations by other donors would normally require a larger project preparation team (both officials and consultants). Similarly, other donors would require a stronger process of quality control and peer review of project documents⁵². The **education** sector development programme was also prepared with minimal manpower compare to similar operations by other donors (for example, the DFID education intervention). In the **transport sector**, the IRP was carried out in co-ordination with other donors and therefore EC manpower constraints were less in evidence. However, the Government institutional capacity was insufficient to cope with all the demands of IRP preparation.

In common with most other donors in Tanzania, **the assumptions made during project preparation are often over-optimistic**. In the **transport** sector, the assumption that TA in itself (mostly under the World Bank component) was going to succeed in strengthening Government institutions in the sector, underestimated the difficulties of institutional support programmes in Africa. In the railway sector the EC interventions evaluated in 1994⁵³ were judged only partially effective due to over-optimistic assumptions about traffic and revenue increases to follow from the projects. These assumptions underestimated the management constraints of the Tanzanian Railways Corporation. Similarly, the **SASP** goal of improving social sector budgeting was overly dependent on the Government remaining "on-track" in the reform program, the overall budgetary process being improved, Civil Service reform improving sectoral capacities and the existence of social sector strategies and effective donor co-ordination.

In some cases, project preparation in the roads sector has been long. Table 8 shows that for the 3 projects that we reviewed, the total preparation time exceeded the maximum delays recorded by the Price Waterhouse evaluation in 1992.⁵⁴ However, there are a number of explanations for these delays. For example, in the case of the Musoma-Sirari Road, the delays can be partly attributed to the regional aspect of the road and the need to obtain approval for the Kenya section. While the delay in RUSIRM can be partly explained by the innovative character of its new 'maintenance programme' approach

Implementation

Delays in implementation

As with most donors in Tanzania, it appears that many EC projects have suffered from delays in implementation. A check of three EC transport projects, using the reference time limits set out in the detailed evaluation by Price Waterhouse in 1992 (see Table 8), next page, shows that these projects experienced delays longer than the reference limits. Procurement was subject to significant delays. It is possibly as a response to the delays in procurement that works contracts in the roads sector were highly concentrated in a few companies (EDF 4-7).⁵⁵

⁵² Although the recent introduction of the Quality Support Group is an attempt to improve through peer review the quality of financing proposals.

⁵³ *Tanzania Transport Sector Evaluation*, Tecnecon, June 1994

⁵⁴ *Study of the Causes of Delay in the Implementation of Financial and Technical Cooperation*, Price Waterhouse, 1992

⁵⁵ The concentration of contracts may also reflect the costs for companies of establishing activities in Tanzania.

Table 8 - Delays in Project Processing and Implementation: A Comparison with the Price Waterhouse Report

Phase	Price Waterhouse Report: Time Limits (months)		Road Projects (6th and 7th EDF)		
	Ref.	Max. value of delay	Ibanda - Uyole	Musoma- Sirari	Ruvuma-S. Iringa
A. Project Preparation (preparation of financing proposal to signing of financing agreement)	6	19	8	24	29
Drawing up financing proposal	2	6	2	17	18
Approval of financing proposal	2	10	3	5	5
Signing of financing agreement	2	3	3	2	6
B. Awarding of contracts (under Restricted IT)					
Supervising consultant (total)	16.5	41.5	-	20.5	30 (as of Mar 98)
Prepare dossier - tenders made	11.5	22.5	-	18	18
Evaluation to approval	3	8	-	1	2
Approval - contract signed	2	11	-	1.5	10
Contractor	20	46			
Prepare dossier - tenders made	14	26	12 ⁵⁶	18	-
Evaluation to approval	4	15	3	1	-
Approval - contract signed	2	5	3	7	-

Procurement delays in transport projects are also common to many other donors, as shown by a comparison of procurement of goods under the Railways Restructuring Programme (Table 9).

Table 9: Procurement of Goods by Selected Aid Agencies Supporting RRP

Aid Agency	No. of Contracts	Min. Time	Max. Time	Avg. Size
		(months)	(months)	of Contract (US\$'000)
African Development Bank	4	5	44	876
World Bank	5	10	23	138
European Commission	8	11	21	947

Source: TRC

The delays in procurement are shared by the World Bank. A recent evaluation found that procurement of World Bank components under IRP had taken an average of 189 weeks for civil works and 90 weeks for consultancy services, against the project target

⁵⁶ Revision of tender dossier (launched in April 1991). Original tender in 1988, based on design done in 1986, failed because bids were twice as high as estimated cost

of approximately 80 weeks for civil works and 30 weeks for consultants.⁵⁷ Given that the World Bank uses the Government's systems, this delay can be partly attributed to the problems with these systems (51 steps were required to procure services and 61 steps for works). However, these delays are mostly explained by the significant increase in the workload of the Ministry of Works.

In Tanzania, road projects financed by most donors are subject to significant delays and cost overruns. **Table 10** shows some of the reasons behind these delays for three EC road projects. These road project can point to major factors causing cost overruns, such as variations in fuel price, exchange rate, design changes, and unforeseen interruptions (e.g. refugee influx). In the absence of detailed evaluations, it is difficult to establish the extent to which cost overruns might have been due to mismanagement or corruption.

Table 10 - Main Reasons for Delays/Cost Overruns in a Sample of Road Projects

Project	Cost (MECU)		Main reasons for delay/cost overrun	Comment
	Planned	Revised		
Ibanda-Uyole	19 (of which, 9 was co-financed by Dutch)	23.5	<ul style="list-style-type: none"> · delays in mobilisation by contractor (work started almost one year late) · mainly due to extra time needed for modified pavement design (4.4 MECU), due to adverse subsoil conditions not foreseen in original contract · also reconstruction of collapsed bridge due to heavy rains 	<ul style="list-style-type: none"> · poor supervising consultant · Court of Auditors queried lack of action against supervisors (also responsible for poor design) despite «sufficient scope for corrective action».
Kobero-Nyakasanza	26.5	30.5	<ul style="list-style-type: none"> · cost variations (2.8 MECU) and extra security costs (0.2 MECU) related to 10 month (approved) extension, given because of heavy refugee influx from Rwanda in 1994 · extra bridgeworks (0.4 MECU) – design was inadequate (and, contractor staff lacked experience in such work) 	<ul style="list-style-type: none"> · «breach of contract» dispute (still ongoing) as contractor went beyond 10 month extension period; · delays also related to sour relations between contractor and inexperienced subcontractor;
Musoma-Sirari	48	54	<ul style="list-style-type: none"> · mainly due to substantial variations in prices - fuel, labour and cement (exceeded tender amount by 525%) · some additional works 	<ul style="list-style-type: none"> · biggest price variation was fuel cost; as well as quantity increases, the diesel price increased by 348% whereas currency devaluation was only 199%

⁵⁷ *Comprehensive Review of the Integrated Roads Project*, Carl Bro, 1997

Extensive
administrative
controls

Implementation and monitoring of EC interventions has been affected by the extensive nature of EC *ex ante* financial controls. In this context, much less emphasis is given to monitoring project performance or to *ex post* financial audits. In the transport sector, the projects we reviewed have not been audited recently. Some projects have never been audited. Financial audits could be also particularly useful in other EC interventions, such as the counterpart funds of SASP, where the nature of the *ex ante* controls is generally weaker.

The EC is required to apply *ex ante* financial controls without selectivity. This is particularly onerous on Delegation staff which in many cases has to support the NAO office (through the PSU) in fulfilling EDF responsibilities. A change towards more selectivity in the application of these controls would save valuable EC staff time. For example, NIP projects under EDF6 and EDF7 required 844 procurement decisions⁵⁸. However, only a third of this total number of procurement decisions, those above ECU 100,000, explained 96% of the total value. As economies of scale in procurement and disbursement decisions are minimal, a move towards removing *ex ante* controls for procurement decisions below ECU 100,000, while extending financial audits to all expenditures under EDF funded programmes would save considerable staff time.

In the roads sector a good example of this approach can be shown in the new Ruvuma and Southern Iringa Road Maintenance Programme. In this project, procurement decisions below 250,000 ECU will be made by the implementing agency (the Ministry of Works) and paid using an imprest account. Replenishments of the imprest account will be made half yearly subject to full audit reports from an independent auditor and Government fulfilling its committed contributions (i.e. 10% for rehabilitation and 90% for maintenance).

The efficiency cost of extensive *ex ante* controls can also be seen in the processing of payment orders for every expenditure. **Table 11** presents a very simple attempt to estimate the staff time spent processing payment order: 2.1 person year at the Delegation and 1.4 at the NAO office. This rough calculation also excludes the time spent by staff in Headquarters on direct payments.

Table 11 - Processing of Payment Orders

<i>Item</i>	<i>1997</i>
No. of payment orders processed by Delegation (local and foreign)	621
Person-days spent on POs ⁵⁹ by Delegation	466
Person-days spent on POs by NAO Office	311
Person Year Spent on POs ⁶⁰	3.5

⁵⁸ Delegated appropriations excluding Annual Work Programmes, advances on microprojects, Stabex, EIB risk capital and interest relief and emergency assistance, all of which are disbursed in one tranche or following accelerated procedures.

⁵⁹ Assuming a very conservative time of six hours to: (a) prepare the PO and go through the 27 items contained in the checklist; (b) send to Ministry of Finance (NAO) and follow up; (c) give it for signing to Head of Delegation after the adviser has checked it; (d) send the original either to the local bank or to headquarters in Brussels. We also assume that NAO office spends 4 hours on each PO.

⁶⁰ Assuming 220 working days per year.

The extensive administrative burden of EC controls have reduced the Delegation staff time available to monitor the implementation of particularly complex programmes, such as the **Structural Adjustment Support Programme**.⁶¹ The SASP implementation has also been affected by the difficulties in the overall reform programme, by its programme design and by manpower constraints in the Government (and the EC). A complex and ambitious programme like SASP requires strong, specialised resources for implementation and monitoring. SASP did not have such resources. While the set-up of the General Import Programme was very efficient and flexible, the management of counterpart funds was weaker. The SASP contemplated regular transfers to the budget but SASP funds have often been used as emergency funds and occasionally targeted to specific expenditures, although this was not contemplated in the implementation arrangements⁶². Insufficiently defined conditionalities for the release of counterpart funds has affected monitoring and distracted valuable staff resources. For example, the implementation agreements focused on the need to protect recurrent non-salary expenditures and required a quarterly Expenditure Report on social sector budgets and expenditures. However, although considerable effort was spent by the EC, the TA and the Government in producing these reports, they did not provide relevant information⁶³. In some cases, insufficiently defined conditionalities have also contributed to misunderstandings with the Government. In these circumstances, Government officials believe that SASP funds are an unreliable source of financing.

In general, the shortage of resources for the implementation and monitoring of SASP has contributed to some inefficiency in the management of counterpart funds, in the management of the TA programme, and in the monitoring of programme results and assumptions. Co-ordination with the Government and other donors has also been affected. In the light of these difficulties, in 1996 the PSU was put in charge of monitoring the SASP. However, as noted before, the PSU itself have some institutional weaknesses.

Evaluation

Final evaluations are a strength of EC aid. However, while some of the lessons of recent evaluations have been included in the Strategy Paper, it has been difficult to incorporate these lessons in the design of new operations. The SASPs were evaluated in early 1996⁶⁴ and it's the outcome was discussed by the EC but there was limited feedback from the Government or other donors. Following the evaluation, the EC rejected proposals from the TA and the SASP Steering Group to continue to expand the TA budget improvement support programme. However, the draft financial proposal of SASP 4 appears to face difficulties in incorporating key lessons of the SASP evaluation.

The most recent evaluation of EDF projects in the transport sector was carried out in 1994. This evaluation did not identify major weaknesses. Its recommendations on including a logical framework and a monitoring plan were followed in recent projects such as Ruvuma and Southern Iringa Maintenance Programme. The IRP programme was evaluated in 1997 on behalf of the World Bank but covering all donor projects. This evaluation identified many of the institutional weaknesses of the IRP and has been widely discussed among IRP donors.

⁶¹ This section is based on the 1996 SASP Evaluation, IDC.

⁶² SASP funds have financed the closure of the shadow programme budget (June, 1994) and the supplementary budge of November 1994. SASP 3 has financed a retrenchment package (July 1996) and the payment of arrears in the education and health sectors (August 1997)

⁶³ The reports compared quarterly expenditure execution to the revised quarterly budgets. Revised budgets are close to actual expenditures.

⁶⁴ SASP Operational Review and "Evaluation of the EU SASP Tanzania 1992-1995", IDC, July 1996.

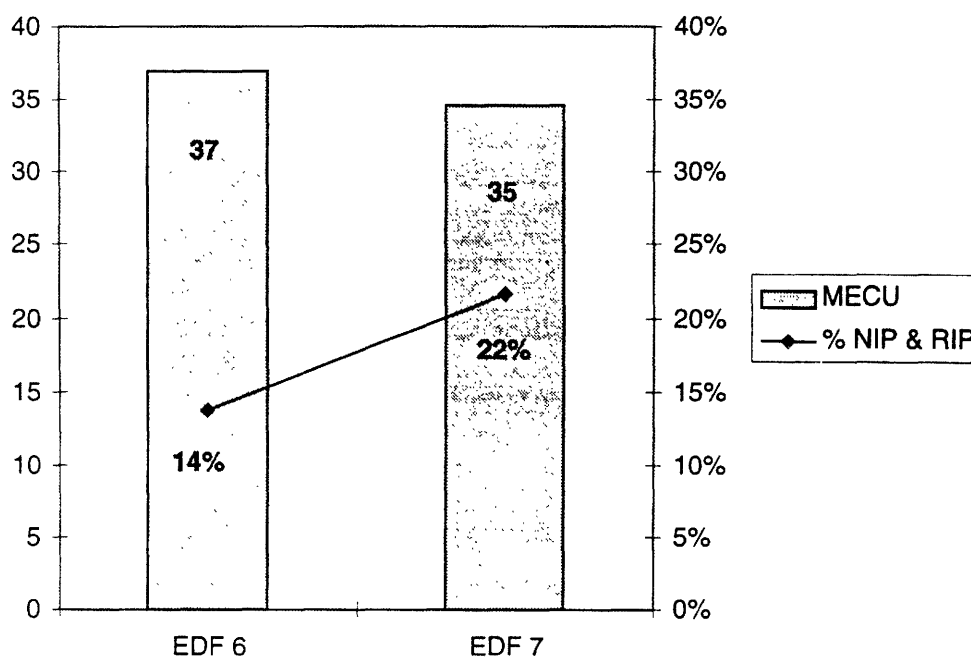
There is a backlog in post-project evaluations, while many mid-term reviews have not been carried out. During 1997, only four evaluations were carried out.

D. Technical Assistance

TA was a fifth of all EDF 7 commitments

Technical assistance has assumed a growing importance in EC aid to Tanzania, rising from 15% to 22% of total delegated appropriations between EDF 6 and 7 (see **Figure 6**). This proportion of TA to total aid is in line with those of other donors assisting Tanzania (20% of estimated net ODA to Tanzania from all sources ⁶⁵).

Figure 6: Delegated Appropriations for TA and Consultancies



Tanzania has received large amounts of technical assistance over the years, but its impact seems to have been limited. As noted by a recent Capacity Building study, "excessive use of TA and detailed controls over implementation of projects (...) results from lack of trust of the competence and probity of Tanzanian institutions."⁶⁶ In the institutional TA to the roads sector, where the EC has only been a minor donor, the 1997 evaluation of IRP⁶⁷ found that, despite over 320 man-years of technical assistance under IRP-I, the institutional improvement strategy had not been successful.

"a main reason for the apparent low impact of the institutional support under IRP-I is that there seems not to have been an overall and co-ordinated plan for the provision of inputs and that too many activities

⁶⁵ Gerald K. Helleiner et al., *Report of the Group of Independent Advisers on Development Cooperation Issues between Tanzania and its Aid Donors*, June 1995, p. 16.

⁶⁶ The World Bank, *Study on Capacity Building in Tanzania*, draft, 1998.

⁶⁷ Carl Bro International, *Comprehensive Review of the Integrated Roads Project, Final Report*, draft, August 1997, p. 17.

have been started on donor initiative without sufficient consensus about objectives and continued ownership in the organisation."

The difficulties in donors' Technical Assistance programmes in Tanzania are linked to Government's limited capacity to manage and monitor these programmes. In many cases, the TA is perceived by Government as an additional conditionality of an aid package and is not adequately managed or supervised. In this context, while TA is nominally provided to support the Government, in many cases (given the Delegation staffing constraints), the TA is more effective in supporting central EC activities. This dual responsibility (Government and EC) can often compromise the effectiveness of the TA in building capacity in the Government.

In the case of **SASP**, the TA programme had two components: budget improvement support programme (Treasury and Prime Minister's Office) and support to the introduction of VAT⁶⁸. The TA in the Treasury was introduced without sufficient consultation with the Government and it did not integrate well with Government structures. However, it provided significant support to the Delegation. With limited supervision, the TA programme was extended to the Prime Minister's Office. In this case, the programme was run through a special unit financed by the EC and outside normal Government structures. In both cases support to Government capacity appears to have been very limited.

In the recent **Education** Sector Development Programme, given capacity constraints in the Delegation, a TA belonging to another EC project had to play the role of monitoring the programme for the Government and also assisting the Delegation (including its role as co-ordinator of Member States' activities in the sector). In practice, it would appear that this duality of roles impinged on the effectiveness of the TA's activities.

In a few cases the problem of duality of TA roles (Government and EC) appears to have been overcome. For example, in the **Roads Sector**, it would appear that the EC's TA programme supporting the Ministry of Works is well integrated into the ministry, while at the same time supports the Delegation's understanding of transport sector developments.

⁶⁸ This programme is implemented by Crown Agents and appears to be adequately managed.

ANNEX A⁶⁹

LIST OF PEOPLE INTERVIEWED

<i>Name</i>	<i>Title</i>	<i>Organisation</i>
A. EC Delegation		
Christiansen, P.	Head of Delegation	EC Delegation
Allard-Graf, A.	Attache (Admin. & Finance)	
Baum, A.	Economic Adviser	
Cracknell, C.	Engineering Adviser	
Herbin, C.	Economic Adviser	
Lamers, A.	Engineering Adviser	
Mruk, C.	Junior Adviser	
Sabatucci, R.	Agricultural Adviser	
B. Government Officials		
Mollel, R.	Principal Secretary, NAO	Ministry of Finance
Mgonja,	Deputy Principal Secretary	Ministry of Finance
Lymo, P.	Budget Commissioner	Ministry of Finance
Madata, S.R.	Deputy NAO	Ministry of Finance
Mapunjo, Ms	External Finance	Ministry of Finance
Odunga, S.	Principal Secretary	Ministry of Education and Culture
Luambano, S.	Economist	Min. of Education
Mpore, A.	Ag. PS	Min. of Works
Msoma, S.	PS	Min. of Transport & Comm.
C. Member States		
Bell, D.	First Secretary	British High Commission Dar es Salaam
Elliot, M.	Adviser	Regional Office, DFID
Knudsen, M.	First Secretary	Royal Danish Embassy
Lorentzen, A.B.	Counsellor	Royal Danish Embassy
Laatu, R.	Counsellor	Embassy of Finland
Moylan, I.	Chargé d' Affaires	Embassy of Ireland
Falchetto, A.	Commercial Attache	Embassy of Italy
McNab, C.	Counsellor	Embassy of Sweden
Schieb, T	First Secretary	Embassy of the Federal Republic of Germany
van Banning, T.R.	Counsellor Head Development Cooperation	Royal Netherlands Embassy
van Rijn, F.	First Secretary	Royal Netherlands Embassy

⁶⁹ The list is incomplete.

<i>Name</i>	<i>Title</i>	<i>Organisation</i>
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D. Other Donors and International Financial Institutions

Brigish, Ron	Resident Representative	World Bank
Malangalila, E.	Social Sector Adviser	World Bank
Osunsade, F.	Resident Representative	IMF
Nordbø, A.	Second Secretary	Royal Norwegian Embassy
Etukudo, U.	Economist	UNDP
Salla, E.	Assistant Res. Rep.	UNDP

E. Implementing Agencies, TA and private sector

Kahwa	Project Coordinator	MPP
Monteforte	Adviser	MPP
Mbowe, P.	Managing Director	PSRC
Kyesi, P.	Project Coordinator	TRC - RRP Project
Mashauri, G	Senior Civil Engineer	TRC - RRP Project
Mwamila, B.	Director	Institute of Engineers
Hellerup, K.	Senior Aid Management Adviser	AMAP project
Mwasha, R.	Programme Coordinator	AMAP project
Ridout, M.	Country Director	Save the Children
Mboma, L.	Director General	Tanzania Railways Corporation
Andreski, A.	Technical Adviser	MAG, Min of Works
Terwey, R.	Technical Adviser	Min. of Works
Mwanjela, N.A.K.	Financial Accountant	PSU, Ministry of Finance
Ronsholt, F.E.	Programming and Planning Adviser	PSU, Ministry of Finance
Todd, M.	Technical Adviser	Human Resource Development Programme, PSU

ANNEX B.

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