
TANZANIA

INTRODUCTION

TANZANIA is a low-income country with a gross national income (GNI) of USD 500 per capita (2009), which has grown at an average rate of 4% per annum since 2005 (WDI, 2011). It has a population of 43.7 million. In 2007, 68% of the population (28 million people) lived under the USD 1.25 a day income poverty line (WDI, 2011).

The Government of Tanzania has requested exceptional financing to ease the impact of the global financial and economic crisis. Net official development assistance (ODA) to Tanzania in 2009 totalled USD 2 934 million (OECD, 2011). Since 2005, net ODA has averaged 13% of GNI (WDI, 2011). The top five donors contributed 57% of Tanzania's ODA (OECD, forthcoming). ■

SUMMARY OF PROGRESS

PROGRESS ON THE PARIS DECLARATION INDICATORS depends on improvements by both donors and partner governments. The government and donors have taken considerable steps towards the implementation of the global aid effectiveness agenda. Out of 13 indicators with applicable targets in 2010, 6 were met, while 7 were below target. Tanzania's operational development strategies have improved since 2005, receiving the maximum score of A. There has been mixed progress on alignment, with three out of seven indicators meeting applicable targets while there have been considerable setbacks in co-ordinated support for strengthened capacity and in the reliability of country PFM systems. However, there are concerns over the consistent measuring of the co-ordinated support for strengthened capacity indicator, due to the different definitions used in previous surveys. Little progress has been made on harmonisation, with all three dimensions failing to meet the target. Performance on results-oriented frameworks and mutual accountability has more or less remained static since 2005, although targets were met for both indicators.

ABOUT THE SURVEY

Tanzania has participated in all three rounds of the Survey on Monitoring the Paris Declaration. This chapter assesses progress against the quantitative indicators provided by the Survey on Monitoring the Paris Declaration, drawing on data provided by the government and donors, the OECD and the World Bank. In addition to this, it draws on qualitative evidence submitted to the OECD by the Government of Tanzania which incorporates feedback from donors and other country stakeholders. Stakeholders note that it is possible that in places definitions and concepts were interpreted differently by survey respondents in 2011 compared with previous years. A degree of caution should be taken when analysing the trends shown by some of the indicators.

The 2011 survey responses cover 22 donors and 80% of Tanzania's country programmable aid. The survey process encountered some difficulties in definitional issues regarding

indicator measurement, and the Tanzanian government has underlined that conclusions on the performance of some indicators may be limited in this respect, particularly in regard to co-ordinated support for capacity development, for which comparisons across years are not reliable. ■

TABLE 1:
Baselines and targets
for 2010

INDICATORS		2005 REFERENCE	2007	2010 ACTUAL	2010 TARGET
1	Operational development strategies	B	B	A	'B' or 'A'
2a	Reliable public financial management (PFM) systems	4.5	4.0	3.5	5.0
2b	Reliable procurement systems	Not available	B	Not available	No Target
3	Aid flows are aligned on national priorities	90%	84%	92%	95%
4	Strengthen capacity by co-ordinated support	50%	61%	26%	50%
5a	Use of country PFM systems	66%	71%	79%	77%
5b	Use of country procurement systems	61%	69%	72%	No Target
6	Strengthen capacity by avoiding parallel PIUs	56	28	18	19
7	Aid is more predictable	70%	61%	97%	85%
8	Aid is untied	97%	97%	96%	More than 97%
9	Use of common arrangements or procedures	55%	61%	60%	66%
10a	Joint missions	17%	16%	26%	40%
10b	Joint country analytic work	38%	65%	48%	66%
11	Results-oriented frameworks	B	B	B	'B' or 'A'
12	Mutual accountability	Y	Y	Y	Y

TABLE 2:
Learning from success
and challenges

	ACHIEVEMENT OR CHALLENGE	LESSON OR PRIORITY ACTION
Ownership	Achievement: The national development strategy (NDS) is unified and strategically linked to the budget.	Lesson: Priorities are clearly set out, and a medium-term fiscal framework links the NDS to the budget.
Alignment	Challenge: Co-ordinated support remains weak among donors.	Priority action: Government and donors should continue supporting capacity building programmes regarding general budget support, basket funds and project modalities.
Harmonisation	Achievement: An increase in joint missions among donors, though this remains below target.	Lesson: The increase in joint missions has been facilitated by the capacity of the Development Partner Group, which has co-ordinated donors and shared information on mission calendars, although there is still room for improvement.
Managing for results	Achievement: Establishment of a comprehensive monitoring and evaluation system based on a reporting framework which provides frequent and accessible reports.	Lesson: Actions and dialogue between government and donors under the Development Partners Group have been directed at strengthening national ownership of development programmes, aligning donor support to national priorities and reducing transaction costs.
Mutual accountability	Achievement: Establishment of a mutual accountability system.	Lesson: An independent monitoring group has been put in place to periodically assess aid delivery and contribute to guiding mutual accountability.

OWNERSHIP

AID IS MOST EFFECTIVE when it supports a country-owned approach to development. It is less effective when aid policies and approaches are driven by donors. In the context of the Paris Declaration, ownership concerns a country's ability to carry out two, inter-linked activities: exercise effective leadership over its development policies and strategies; and co-ordinate the efforts of various development actors working in the country.

Indicator 1 assesses the operational value of a country's development strategy. In particular, it looks at the existence of an authoritative country-wide development policy (*i.e.* a unified strategic framework), the extent to which priorities are established, and whether these policies are costed and linked with the budget. All of these features are important to harness domestic resources for development, and to provide a basis for the alignment of aid to development priorities. Each country has provided evidence against these criteria, and this has been translated into a score by the World Bank using the same methodology as in the 2006 and 2008 surveys. A five-point scale runs from A (highest score) to E (lowest score). The Paris Declaration targets 75% of partner countries achieving a score of A or B by 2010.

In 2010, Tanzania received a rating of A for ownership, improving from a previous score of B in 2005. This indicates that Tanzania has a strongly unified strategic framework with prioritisation of targets and clear strategic links to the budget.

The "National Strategy for Growth and Reduction of Poverty" represents Tanzania's national development strategy (NDS) for the 2010-15 period. It is underpinned by a long-term development strategy, "National Vision 2025 for the Tanzanian Mainland" and "Vision 2020 for Zanzibar." The NDS is used to identify programme and project priorities and to prepare a medium-term expenditure framework (MTEF). Furthermore, the NDS is linked to sector priorities and strategies through operational targets, and the budget process is accordingly performance-oriented.

Policies are prioritised in line with the objectives of the NDS. Priorities are identified through a strategic planning process to realise desired outcomes in accordance with government harmonised MTEF line items. Other actors, such as the private sector, civil society organisations and donors are also involved at different stages of the implementation process as primary/secondary actors. The NDS is also based on the Millennium Development Goals, which are adapted to country circumstances. It is also linked to cross-cutting issues, which are mainstreamed in sector and agency plans. These are then assessed against contributions to the growth strategy, and the resource allocation is adjusted accordingly.

A medium-term fiscal framework has not yet been established in Tanzania. A medium-term expenditure framework provides the strategic link between the national development strategy and the annual budget, covering a three-year period. Agency and sector strategies are aligned and costed to NDS targets which are budgeted in the annual budget, and the budgeting process is performance-based. Sectors identify output and outcome targets and implementation strategies through costed activities. Policy and planning departments monitor implementation strategies and provide a report to central agencies, informing performance-based allocation decisions. ■

ALIGNMENT

AID THAT IS DONOR DRIVEN AND FRAGMENTED is less effective. For aid to be effective, it must make use of national development strategies and use and help strengthen capacity in national systems, such as those for procurement and public financial management. The Paris Declaration envisions donors basing their support fully on partner countries' aims and objectives. Indicators 2 through 8 of the Paris Declaration assess several different dimensions of alignment.

INDICATOR 1

Do countries have operational development strategies?

In terms of alignment, the Government of Tanzania has made mixed progress. Out of seven indicators with applicable targets, three have been met: use of country PFM systems, the number of parallel PIUs and aid predictability. With regard to the latter, the proportion of disbursed aid recorded in public accounts has exhibited notable increases since 2007. Of the remaining indicators with applicable targets, progress since previous surveys has been static on two (alignment of aid to national priorities and untied aid), while there have been considerable setbacks on co-ordinated technical assistance for capacity development and on the reliability of country PFM systems. However, there are concerns about the consistent measuring of this indicator across the different surveys due to a change in the definition over different years.

INDICATOR 2
Building reliable country systems

Indicator 2 covers two aspects of country systems: public financial management (PFM) and procurement. Do these systems either adhere to good practices or are there plans for reform? If countries have reliable systems, donors are encouraged to use them for the delivery and management of aid. This helps to align aid more closely with national development strategies and enhances aid effectiveness.

INDICATOR 2a
How reliable are country public financial management systems?

Indicator 2a of the Paris Declaration assesses whether PFM systems meet broadly accepted good practices or whether credible reform programmes are in place. The assessment is based on the World Bank's Country Policy and Institutional Analysis (CPIA) score for the quality of PFM systems, which uses a scale running from 1 (very weak) to 6 (very strong).

To score highly, a country needs to perform well against all three of the following criteria: a comprehensive and credible budget linked to policy priorities; an effective financial management system to ensure that the budget is implemented as intended in a controlled and predictable way; and timely and accurate accounting and fiscal reporting, including timely and audited public accounts with effective arrangements for follow up. Meeting the global 2010 target requires half of partner countries to move up at least one measure (*i.e.* 0.5 points) between 2005 and 2010.

In 2010, Tanzania was rated a 3.5 on the reliability of its PFM systems, a setback from previous surveys and below the 2010 target. Tanzania has experienced a steady decline in the performance of country PFM systems since 2005, when this was rated at 4.5.

INDICATOR 2b
How reliable are country procurement systems?

Indicator 2b was first measured in 2008 by 17 countries. The process is one of self-assessment, using the Methodology for the Assessment of National Procurement Systems developed by the OECD-DAC Task Force on Procurement. The methodology includes baseline indicators to compare a country's systems to internationally-accepted good practice, as well as a new set of indicators. These indicators assess overall performance of the system, compliance with national legislation and standards and whether there is a reform programme in place to promote improved practices. The results are expressed as grades on a four-point scale running from A (the highest) to D (the lowest). The 2010 target is for a third of partner countries to move up at least one measure (*i.e.* from D to C, C to B or B to A) although not all countries will perform an assessment.

The reliability of Tanzania's procurement systems has not been assessed, making analysis of the reliability of country systems difficult.

INDICATOR 3
Aligning aid flows on national priorities

Comprehensive and transparent reporting on aid, and its use, helps ensure that donors align aid flows with national development priorities. When aid directed to the government sector is fully and accurately reflected in the national budget it indicates that aid programmes are well connected with country policies and processes. This also allows partner country authorities to present accurate and comprehensive budget reports to their parliaments and citizens.

As a proxy for alignment, indicator 3 measures the percentage of aid disbursed by donors for the government sector that is included in the annual budget for the same fiscal year. The indicator reflects two components: the degree to which aid is aligned with government priorities, and the extent to which aid is captured

in government's budget preparation process. Budget estimates can be higher or lower than disbursements by donors and are treated similarly for the purpose of measuring indicator 3 despite the different causes.

The 2010 target is to halve the proportion of aid flows that are not currently reported on government budgets, with at least 85% of aid reflected in the budget.

	Government's budget estimates of aid flows in 2010 (USD m) a	Aid disbursed by donors for government sector in 2010 (USD m) b	2005 (for reference)		2007 (for reference)		2010* (%)		Total aid disbursed through other donors (USD m)
							c = a / b	c = b / a	
[Other donors]	--	--	--	--	--	--	--	--	0
African Dev. Bank	188	128	83%	79%			68%		0
Belgium	6	11	57%		59%	56%			0
Canada	89	75	83%		96%		84%		9
Denmark	105	89	77%		96%		85%		1
EU Institutions	183	91	90%	75%			50%		8
Finland	32	28	71%	94%			89%		3
France	25	8	53%		80%		31%		0
GAVI Alliance	0	0	0%	--	--	--			0
Germany	65	58	96%	76%			89%		0
Global Fund	153	152	17%	64%			99%		0
IFAD	18	22	88%	--		83%			0
IMF	--	--	--			--			0
Ireland	44	19	89%		93%		43%		0
Italy	--	--	--	0%	--	--			0
Japan	70	118	44%	80%		59%			5
Korea	12	9	--	51%			76%		0
Netherlands	73	48	90%	83%			66%		3
Norway	62	79	93%	99%		78%			5
Spain	0	0	--	--	--	--			4
Sweden	99	67	86%	94%			68%		8
Switzerland	13	15	95%	72%		84%			0
United Kingdom	229	176	80%	98%			77%		35
United Nations	56	64	18%	35%		87%			0
United States	193	71	51%	1%			37%		0
World Bank	597	829	99%	87%		72%			0
Average donor ratio			70%	72%		70%			
Total	2 310	2 134	90%	84%		92%			80

TABLE 3:
Are government budget estimates comprehensive and realistic?

*Ratio is $c = a / b$ except where government's budget estimates are greater than disbursements ($c = b / a$).

On aggregate, 92% of Tanzania's aid was accurately estimated on budget in 2010, just short of the 2010 target of 95%. For the average donor, 70% was accurately recorded on budget. The positive trend since 2007 is indicative of improved accuracy in budget reporting of disbursements across donors and great efforts to align aid with government priorities.

For most donors, government estimates exceed actual disbursements. The Global Fund scored the highest, with 99% of aid disbursed reported in government budget estimates, while other large donors such as the United States and the EU Institutions only registered 37% and 50% respectively. Tanzania's largest donor, the World Bank, had 72% of aid recorded on budget.

Discrepancies between planned and actual aid are largely due to: delays in programme/project implementation; weak reporting capacity; differences between donor planning and implementation cycles and government budget cycles; lack of accurate projections of project funds; low levels of government ownership and

leadership in projects; and limited capacity among ministries and local government to obtain information on aid flows. There is a clear need for government and donors to improve reporting of project and basket funding modalities.

INDICATOR 7
Providing more
predictable aid

For many countries, aid is a vital source of revenue and resources. Being able to predict aid disbursements – both in terms of how much aid will be delivered and when – is important to enable countries to manage public finances and undertake realistic planning for development. The Paris Declaration calls on donors to provide reliable, indicative commitments of aid over a multi-year framework, and to disburse aid in a timely and predictable manner according to agreed schedules.

Indicator 7 examines the in-year predictability of aid for the government sector by measuring the proportion of planned disbursements (as reported by donors) that are recorded by governments in their accounting system as having been disbursed. Indicator 7 therefore assesses two aspects of predictability. The first is the ability of donors to disburse aid according to schedule. The second is the ability of government to record disbursements for the government sector as received in its accounting system. Indicator 7 is designed to encourage progress in relation to both, with the aim of halving the proportion of aid not disbursed (and not captured in the government's accounting system) within the fiscal year for which it was scheduled by 2010. The ultimate goal is to improve not only the predictability of disbursements, but also the accuracy with which they are recorded in government systems – an important element to support ownership, accountability and transparency.

TABLE 4:
Are disbursements on
schedule and recorded
by government?

	Disbursements recorded by government in 2010 (USD m) a	Aid scheduled by donors for disbursement in 2010 (USD m) b	2005		2007		2010*		For reference: Aid disbursed by donors for government sector in 2010 (USD m) d	For reference: % of scheduled aid disbursements reported as disbursed by donors in 2010**	
			(for reference)	(for reference)	(for reference)	(for reference)	(%) c = a / b	(%) c = b / a		(%) e = d / b	(%) e = b / d
[Other donors]	--	--	--	--	--	--	--	--	--	--	--
African Dev. Bank	142	226	0%	59%			63%	142	63%		
Belgium	17	5	49%	37%			27%	9		50%	
Canada	69	69	84%	50%			100%	82		85%	
Denmark	70	73	67%	68%			96%	88		83%	
EU Institutions	136	207	43%	40%			66%	136	66%		
Finland	34	32	55%	98%			95%	34		95%	
France	23	34	10%	41%			68%	22	66%		
GAVI Alliance	15	0	0%	--			0%	16		0%	
Germany	117	131	22%	32%			89%	117	89%		
Global Fund	119	12	31%	31%			10%	132		9%	
IFAD	23	13	0%	--			57%	22		59%	
IMF	--	--	--	--			--	--	--	--	
Ireland	44	20	72%	96%			45%	36		55%	
Italy	--	--	--	0%			--	--	--	--	
Japan	93	85	44%	49%			92%	93		92%	
Korea	13	10	--	0%			80%	19		53%	
Netherlands	91	70	94%	90%			77%	50	72%		
Norway	76	75	45%	91%			98%	75		99%	
Spain	0	0	--	--			--	0	--	--	
Sweden	99	64	68%	67%			65%	67		96%	
Switzerland	9	6	62%	81%			65%	6		95%	
United Kingdom	216	186		97%	89%		86%	173	93%		
United Nations	112	55	2%		11%		49%	102		54%	
United States	139	154	0%	0%			90%	144	93%		
World Bank	613	681	60%	48%			90%	662	97%		
Average donor ratio			43%	51%			68%			71%	
Total	2 269	2 207	70%	61%			97%	2 227	99%		

* Ratio is c=a/b except where disbursements recorded by government are greater than aid scheduled for disbursement (c=b/a).

** Ratio is e=d/b except where disbursements recorded by donors are greater than aid scheduled for disbursement (e=b/d).

In 2010, 97% of scheduled disbursements to Tanzania were recorded by the government. This is a substantial increase from 61% in 2007, and meets the target for this indicator. There has been a positive trend since 2007, reflecting government and donors' joint efforts to improve the accuracy of planning. Overall, recorded aid was greater than planned disbursements. Notably, the World Bank, Tanzania's largest donor, disbursed double the amount of scheduled aid recorded in government budget. This may reflect a government request for assistance following the global financial crisis.

Overall, the predictability of general budget support is higher than that of basket and project funding. Reasons for discrepancies between aid estimates and disbursements are detailed under indicator 3 on the alignment of aid flows with national priorities. In addition, it can be noted that where disbursement conditions are not met, disbursements cannot be released or project disbursements can only be made according to progress in implementation, which may differ from previously predicted. There is therefore a need for improved capacity on the part of the government to adhere to implementation and reporting schedules of aid-funded programmes and projects.

Reform efforts have included the introduction of an aid management platform, which seeks to improve the transparency and reliability of aid flow data by providing data on aid to local government, regions, non-state actors, as well as donors. In addition, the platform aims to foster linkages between the medium-term expenditure framework, the Integrated Financial Management System, the aid management platform and the Strategic Budget Allocation System.

Capacity constraints present significant challenges to development and poverty reduction efforts and their sustainability. These relate both to aid management capacities (the ability of the government to capture, co-ordinate and utilise aid flows more effectively) and also to broader capacities for the design and implementation of policies and service delivery.

Under the Paris Declaration donors committed to providing technical co-operation that is co-ordinated with partner country strategies and programmes. This approach aims to strengthen capacities while also responding to the needs of partner countries. Successful capacity development is led by the partner country.

Indicator 4 focuses on the extent to which donor technical co-operation (an important input into capacity development) is country-led and well co-ordinated. It captures the extent to which technical co-operation is aligned with objectives articulated by country authorities, whether country authorities have control over this assistance, and whether arrangements are in place to co-ordinate support provided by different donors. The Paris Declaration target is for 50% of technical co-operation flows to be implemented through co-ordinated programmes that are consistent with national development strategies by 2010.

The 2010 survey data indicate that only 26% of technical co-operation in Tanzania was co-ordinated with country priorities and strategies. This is a substantial decrease from previous years, and falls well behind the target of 50%.

However, the Government of Tanzania and country stakeholders consider that comparability of data across the 2006, 2008 and 2011 surveys is not possible, as different definitions were used in the 2006 and 2008 surveys as compared to the 2011 Survey. The 2008 Survey used a broader definition of co-ordinated technical co-operation, while the 2005 baseline survey only considered technical co-operation supporting the reform programmes managed by government. The 2011 Survey adopted a varied definition with four components, and is therefore not comparable to either of the previous surveys. Therefore, a re-calculation of the target would better reflect the incomparable nature of results.

Donors continue to support a range of capacity programmes within general budget support, basket funds and project modalities, and across PFM more broadly. Examples of reform programmes include the Public Service Reform Programme; the Public Financial Management Reform Programme; the Legal Sector Reform Programme and the Local Government Reform Programme; and anti-corruption and poverty monitoring programmes.

INDICATOR 4

Co-ordinating support to strengthen capacity

TABLE 5:
How much technical
co-operation is
co-ordinated with
country programmes?

	Co-ordinated technical co-operation (USD m)	Total technical co-operation (USD m)	2005 (for reference)	2007 (for reference)	2010 (%) c = a / b
	a	b			
[Other donors]	--	--	--	--	--
African Dev. Bank	12	12	0%	0%	100%
Belgium	0	11	33%	11%	0%
Canada	2	18	27%	74%	10%
Denmark	6	7	45%	70%	85%
EU Institutions	0	4	12%	62%	0%
Finland	3	6	46%	76%	49%
France	3	4	18%	100%	82%
GAVI Alliance	0	0	--	--	--
Germany	18	18	67%	87%	100%
Global Fund	0	0	--	--	--
IFAD	3	3	--	--	100%
IMF	--	--	--	100%	--
Ireland	3	3	21%	100%	100%
Italy	--	--	--	69%	--
Japan	0	20	9%	100%	0%
Korea	0	5	--	100%	0%
Netherlands	9	11	62%	93%	85%
Norway	0	5	78%	60%	10%
Spain	0	0	--	--	--
Sweden	1	9	57%	30%	10%
Switzerland	0	5	30%	39%	5%
United Kingdom	3	4	93%	68%	71%
United Nations	18	47	59%	97%	38%
United States	0	187	0%	39%	0%
World Bank	32	54	68%	92%	59%
Total	113	432	50%	61%	26%

INDICATOR 5
Using country systems

Donor use of a partner country's established institutions and systems increases aid effectiveness by strengthening the government's long-term capacity to develop, implement and account for its policies to both its citizens and its parliament. The Paris Declaration commits donors to increase their use of country systems that are of sufficient quality, and to work with partner countries to strengthen systems that are currently weak. Indicator 5 is directly linked to indicator 2 on the quality of public financial management (PFM) and procurement systems.

INDICATOR 5a
Use of country public
financial management
systems

Indicator 5a measures the extent to which donors use partner country PFM systems when providing funding for the government sector. It measures the volume of aid that uses partner country PFM systems (budget execution, financial reporting and auditing) as a proportion of total aid disbursed for the government sector. The 2010 target is set relative to indicator 2a on the quality of PFM systems. For partner countries with a score of five or above on indicator 2a scale the target is for a two-thirds reduction in the proportion of aid to the public sector not using the partner country's PFM systems. For partner countries with a score between 3.5 and 4.5 on indicator 2a, the target is a one-third reduction in the proportion of aid to the public sector not using partner country's PFM systems. There is no target for countries scoring less than 3.5.

In 2010, 79% of aid to the government sector of Tanzania used country PFM systems, improving from 66% and 71% registered in previous surveys. The country has therefore met the 77% target for 2010. Of the major donors to Tanzania, the United Kingdom, the Global Fund and the EU Institutions perform most favourably with at least 99% of aid channelled through country systems. The World Bank and African Development Bank score slightly lower at approximately 80%, while the United Nations and Japan score significantly lower.

TABLE 6:
How much aid for the government sector uses country systems?

	Aid disbursed by donors for government sector (USD m) a	Public financial management						Procurement			
		Budget execution (USD m) b	Financial reporting (USD m) c	Auditing (USD m) d	2005 (for reference)	2007 (for reference)	2010 (%) avg(b,c,d)/a	Proc. systems (USD m) e	2005 (for reference)	2007 (for reference)	2010 (%) e/a
[Other donors]	--	--	--	--	--	--	--	--	--	--	--
African Dev. Bank	142	72	142	142	67%	89%	84%	72	0%	100%	51%
Belgium	9	1	1	1	64%	69%	11%	1	65%	81%	11%
Canada	82	81	81	81	97%	98%	99%	81	97%	97%	99%
Denmark	88	69	69	69	59%	58%	78%	70	72%	70%	79%
EU Institutions	136	136	136	136	47%	42%	100%	136	47%	42%	100%
Finland	34	29	29	29	52%	92%	86%	29	60%	92%	86%
France	22	22	16	16	37%	72%	81%	22	100%	78%	100%
GAVI Alliance	16	0	0	0	33%	--	0%	0	0%	--	0%
Germany	117	92	92	92	34%	68%	78%	107	35%	84%	91%
Global Fund	132	132	131	131	10%	97%	99%	132	100%	55%	100%
IFAD	22	17	22	22	67%	--	92%	22	100%	--	100%
IMF	--	--	--	--	--	--	--	--	--	--	--
Ireland	36	36	36	35	87%	98%	100%	35	95%	98%	99%
Italy	--	--	--	--	--	0%	--	--	--	0%	--
Japan	93	11	11	11	17%	60%	11%	11	17%	60%	11%
Korea	19	0	0	0	--	0%	0%	0	--	0%	0%
Netherlands	50	48	48	48	88%	87%	96%	48	95%	87%	96%
Norway	75	73	73	73	59%	69%	97%	73	62%	79%	97%
Spain	0	0	0	0	--	--	--	0	--	--	--
Sweden	67	61	61	61	63%	67%	91%	61	49%	71%	91%
Switzerland	6	3	3	3	66%	68%	49%	4	71%	68%	67%
United Kingdom	173	172	172	172	87%	99%	100%	172	88%	99%	100%
United Nations	102	30	3	3	1%	21%	12%	30	4%	40%	30%
United States	144	104	104	104	0%	4%	72%	104	0%	13%	72%
World Bank	662	662	490	490	66%	88%	83%	392	68%	74%	59%
Total	2 227	1 851	1 718	1 717	66%	71%	79%	1 603	61%	69%	72%

The substantial increase in the use of country systems can largely be attributed to increased levels of budget support, which is fully integrated in the national budget process and basket funds. On the other hand, reasons for use of parallel systems outside country systems may stem from different planning cycles between donor headquarters and country PFM procedures – or in the modality arrangements that involve donors channelling aid through other donors. The major gap is due to project funds which are channelled outside the treasury. Both the government and donors should continue to explore more effective ways of improving procedures for receiving and recording aid more efficiently, which may reduce the need to resort to direct project funding.

Indicator 5b follows a similar graduated target to indicator 5a which is set relative to indicator 2b on the quality of procurement systems. For partner countries with a Procurement score of 'A', a two-thirds reduction in the proportion of aid for the public sector not using the country's procurement systems and for partner countries with a procurement score of 'B' to reduce the gap by one-third.

Over the period 2005-10, Tanzania has made improvements in the use of procurement systems – from 61% in 2005 to 72% in 2010. However, no target has been set for 2010 and no analysis in this respect is therefore possible. A number of donors largely utilise country procurement systems, with the EU Institutions, United Kingdom, and Global Fund, followed by Canada, Ireland and Norway, the Netherlands, Germany and Sweden all registering above 90% for 2010. On the other hand, Tanzania's largest donor to the government sector, the World Bank, scores substantially lower at 59%, while other large donors such as the African

INDICATOR 5b
Use of country procurement systems

INDICATOR 6
Avoiding parallel
implementation
structures

Development Bank and the United Nations score approximately 50% and 30% respectively. In order to improve and promote the further use of country procurement systems, a government procurement unit has been established for central formulation, co-ordination and supervision of procurement policy.

When providing development assistance, some donors establish dedicated project management units or implementation units (PIUs) – to support development projects or programmes. A PIU is said to be “parallel” when it is created by the donor and operates outside existing country institutional and administrative structures. In the short term, parallel PIUs can play a useful role in establishing good practice and promoting effective project management. However, in the long run, parallel PIUs often tend to undermine national capacity development efforts, distort salaries and weaken accountability for development.

To make aid more effective, the Paris Declaration encourages donors to “avoid, to the maximum extent possible, creating dedicated structures for day-to-day management and implementation of aid-financed projects and programmes.” Indicator 6 counts the number of parallel PIUs being used in partner countries. The target is to reduce by two-thirds the number of parallel PIUs in each partner country between 2005 and 2010.

TABLE 7:
How many PIUs are
parallel to country
structures?

	Parallel PIUs		
	2005 (for reference)	2007 (for reference)	2010 (units)
[Other donors]	--	--	--
African Dev. Bank	8	5	4
Belgium	1	0	0
Canada	1	1	0
Denmark	14	6	1
EU Institutions	2	2	1
Finland	1	1	2
France	0	0	0
GAVI Alliance	0	--	0
Germany	0	0	0
Global Fund	0	0	0
IFAD	0	--	0
IMF	--	0	--
Ireland	3	0	0
Italy	--	0	--
Japan	0	0	0
Korea	--	0	0
Netherlands	0	1	0
Norway	0	5	1
Spain	--	--	0
Sweden	6	3	0
Switzerland	0	0	2
United Kingdom	1	1	0
United Nations	10	1	7
United States	0	0	0
World Bank	10	5	0
Total	56	28	18

In 2010, donors reported 18 parallel project implementation units in operation in Tanzania, meeting the target. In 2010, the World Bank phased out all parallel project implementation units. Donors with the largest number of PIUs include the United Nations, which registers seven parallel units, followed by the African Development Bank (four), and Switzerland and Finland (two each).

One of the capacity development issues associated with parallel implementation units (PIUs) in Tanzania concerns incentive structures, and specifically the remuneration differentials between workers on ordinary government pay-roll and workers who are assigned to the PIUs to understudy foreign experts. This drains

capacity from other areas of government, which a reduction in the number of PIUs would begin to address. In the meantime, and in order to reduce the demand for PIUs, accurate identification of capacity gaps and development of local competencies for local institutions, systems and individual expertise, should be part of a long-term capacity development strategy.

Aid is “tied” when restrictions are placed on the countries that goods and services may be purchased from, typically including the donor country and/or another narrowly specified group of countries. Untied aid not only improves value for money and decreases administrative burdens, but also supports the use of local resources, country systems and the harmonisation of donor support provided through pooled or joint aid instruments and approaches.

Data on the extent to which aid is tied are based on voluntary self-reporting by donors that are members of the OECD’s Development Assistance Committee (DAC). The Paris Declaration target is to continue progress towards untying all aid between 2005 and 2010.

INDICATOR 8 Untying aid

	Total bilateral aid as reported to the DAC in 2009	Untied aid	2005 (for reference)	2007 (for reference)	Share of untied aid
Australia	1.0	1.0	1%	100%	100%
Austria	12.1	12.1	95%	67%	100%
Belgium	46.8	46.8	100%	100%	100%
Canada	7.4	7.4	79%	89%	100%
Denmark	180.1	180.1	100%	100%	100%
Finland	71.2	71.1	100%	100%	100%
France	2.0	2.0	100%	100%	100%
Germany	61.7	61.7	83%	100%	100%
Greece	0.0	0.0	0%	--	--
Ireland	52.3	52.3	100%	100%	100%
Italy	4.2	1.8	37%	12%	44%
Japan	119.4	119.4	100%	100%	100%
Korea	100.3	40.8	--	12%	41%
Luxembourg	0.6	0.6	100%	100%	100%
Netherlands	73.2	72.5	83%	99%	99%
New Zealand	1.0	1.0	61%	100%	100%
Norway	69.3	69.3	100%	100%	100%
Spain	21.6	13.8	72%	96%	64%
Sweden	320.9	320.9	100%	100%	100%
Switzerland	5.0	4.6	99%	97%	92%
United Kingdom	600.4	600.4	100%	100%	100%
United States	379.3	368.0	88%	89%	97%
Total	2 130	2 048	97%	97%	96%

TABLE 8:
How much bilateral aid is untied?

Source: OECD Creditor Reporting System

While Tanzania has not met the target for 2010, the level of untied aid has been consistently high in all survey years. In 2010, 96% of aid to Tanzania was untied. Most donors untie all their aid with the notable exception of Korea (41%), Italy (44%) and Spain (64%). ■

HARMONISATION

POOR CO-ORDINATION OF AID increases the cost to both donors and partner countries and significantly reduces the real value of aid. Harmonisation of aid delivery procedures and the adoption of common arrangements help reduce duplication of effort and lower the transaction costs associated with aid management. The Paris

INDICATOR 9
Using common
arrangements

Declaration focuses on two dimensions of aid as a proxy for assessing overall harmonisation: the use of common arrangements within programme-based approaches (PBAs) and the extent to which donors and partner countries conduct joint missions and co-ordinate analytic work.

Aid effectiveness is enhanced when donors use common arrangements to manage and deliver aid in support of partner country priorities. A good mechanism for aid co-ordination can be described as one that has shared objectives and integrates the various interests of stakeholders. Indicator 9 assesses the degree to which donors work together – and with partner governments and organisations – by measuring the proportion of total ODA disbursed within programme-based approaches (PBAs). In practice, there are many different approaches and modalities which can use PBAs and harmonisation takes place at various levels.

At one level, the partner country is responsible for defining clear, country-owned programmes (*e.g.* a sector programme or strategy) and establishing a single budgetary framework that captures all resources (both domestic and external). At another level, donors are responsible for taking steps to use local systems for programme design and implementation, financial management, monitoring and evaluation. Finally, partner countries and donors are jointly responsible for donor co-ordination and harmonisation of donor procedures. The 2010 target is that two-thirds of aid flows are provided in the context of PBAs.

In 2010, 60% of aid utilised programme based approaches, which is slightly below the 2010 target and represents no progress since 2007. Nevertheless, a number of donors perform well, such as the Global Fund, Germany, Canada and Denmark, all of which channel over 90% of aid through programme-based approaches. In recent years, the establishment of a donor dialogue structure has encouraged the use of common arrangements and procedures to foster donor harmonisation and alignment of aid to the priority areas.

TABLE 9:
How much aid is
programme based?

	Programme-based approaches			Total aid disbursed (USD m) d	2005 (for reference)	2007 (for reference)	2010 (%) e = c / d
	Budget support (USD m) a	Other PBAs (USD m) b	Total (USD m) c = a + b				
[Other donors]	--	--	--	--	--	--	--
African Dev. Bank	0	72	72	142	0%	68%	51%
Belgium	0	0	0	14	53%	52%	0%
Canada	71	11	81	90	71%	77%	91%
Denmark	35	59	95	97	41%	50%	98%
EU Institutions	136	0	137	178	39%	38%	77%
Finland	19	10	29	38	49%	90%	76%
France	0	16	16	24	25%	57%	68%
GAVI Alliance	0	0	0	16	0%	--	0%
Germany	26	89	115	117	37%	97%	99%
Global Fund	0	143	143	143	76%	100%	100%
IFAD	0	17	17	22	0%	--	77%
IMF	--	--	--	--	--	0%	--
Ireland	15	22	37	41	75%	86%	90%
Italy	--	--	--	--	--	0%	--
Japan	0	0	0	94	16%	83%	0%
Korea	0	0	0	20	--	0%	0%
Netherlands	0	51	51	65	79%	89%	78%
Norway	44	6	50	93	49%	56%	54%
Spain	0	0	0	0	--	--	--
Sweden	46	27	73	85	38%	61%	86%
Switzerland	0	8	8	13	47%	49%	61%
United Kingdom	160	13	172	207	89%	99%	83%
United Nations	0	47	47	122	32%	10%	38%
United States	0	0	0	481	0%	17%	0%
World Bank	281	226	507	662	68%	72%	77%
Total	833	818	1 651	2 763	55%	61%	60%

A common complaint of partner countries is that donors make too many demands on their limited resources: country authorities spend too much time meeting with donor officials and responding to their many requests. The Paris Declaration recognises that donors have a responsibility to ensure that, to the greatest extent possible, the missions and analytical work they commission are undertaken jointly – *i.e.* that the burden of such work is shared. The 2010 target is that 40% of donor missions to the field are conducted jointly.

INDICATOR 10a
Joint missions

TABLE 10:
How many donor
missions are
co-ordinated?

	Co-ordinated donor missions* (missions) a	Total donor missions (missions) b	2005* (for reference)	2007* (for reference)	2010* (%) c = a / b
[Other donors]	--	--	--	--	--
African Dev. Bank	6	23	20%	23%	26%
Belgium	2	2	11%	0%	100%
Canada	0	6	40%	33%	0%
Denmark	3	10	29%	62%	30%
EU Institutions	0	2	0%	100%	0%
Finland	0	0	25%	25%	--
France	0	7	0%	0%	0%
GAVI Alliance	0	1	--	--	0%
Germany	6	6	25%	33%	100%
Global Fund	0	6	0%	0%	0%
IFAD	1	5	67%	--	20%
IMF	--	--	--	0%	--
Ireland	2	5	40%	0%	40%
Italy	--	--	--	0%	--
Japan	3	20	8%	0%	15%
Korea	1	6	--	0%	17%
Netherlands	0	6	100%	50%	0%
Norway	0	0	33%	24%	--
Spain	0	0	--	--	--
Sweden	0	2	7%	0%	0%
Switzerland	2	4	0%	57%	50%
United Kingdom	4	7	100%	14%	57%
United Nations	48	87	18%	55%	55%
United States	1	24	--	4%	4%
World Bank	51	91	23%	14%	56%
Total	85	320	17%	16%	26%

* The total of coordinated missions has been adjusted to avoid double counting. A discount factor of 35% is applied.

On the whole, 26% of 320 donor missions to Tanzania in 2010 were conducted jointly, a slight improvement from previous years, although still below the 40% target. On aggregate, the use of joint missions among donors in Tanzania remains low, with some donors, such as the United States, co-ordinating only 1 out of 24 missions and Japan only 3 out of 20 missions. The two donors with the largest number of missions to Tanzania at around 90 missions each (the World Bank and United Nations), co-ordinate roughly half of their missions, whilst other donors providing relatively large amounts of aid, such as the African Development Bank, the United States and Japan, score considerably lower. Progress on this indicator has been facilitated by the efforts of Tanzania's Development Partner Group to co-ordinate donors, and by the sharing of information on calendars of missions. The scheduling of missions and activities is linked to country priorities and should reduce duplication or parallel activities.

Country analytic work is the analysis and advice necessary to strengthen policy dialogue, and to develop and implement country strategies. It includes country or sector studies and strategies, country evaluations and discussion papers. The Paris Declaration foresees that donors should conduct analytic work jointly where

INDICATOR 10b
Joint country
analytical work

possible as it helps curb transaction costs for partner authorities, avoids unnecessary duplicative work and helps to foster common understanding. Indicator 10b measures the proportion of country analytic work that is undertaken jointly. The 2010 target is that 66% of country analytic work is carried out jointly.

TABLE 11:
How much country
analytic work is
co-ordinated?

	Co-ordinated donor analytic work * (units) a	Total donor analytic work (units) b	2005 (for reference)	2007* (for reference)	2010* (%) c = a / b
[Other donors]	--	--	--	--	--
African Dev. Bank	2	5	0%	0%	40%
Belgium	0	0	0%	0%	--
Canada	1	3	50%	100%	33%
Denmark	7	8	100%	100%	88%
EU Institutions	1	1	20%	100%	100%
Finland	3	4	40%	100%	75%
France	0	0	--	--	--
GAVI Alliance	0	0	--	--	--
Germany	3	3	--	100%	100%
Global Fund	1	5	--	0%	20%
IFAD	0	0	100%	--	--
IMF	--	--	--	67%	--
Ireland	0	2	--	100%	0%
Italy	--	--	--	--	--
Japan	8	8	25%	0%	100%
Korea	0	0	--	0%	--
Netherlands	4	7	--	100%	57%
Norway	3	3	--	100%	100%
Spain	0	0	--	--	--
Sweden	5	6	6%	80%	83%
Switzerland	3	5	100%	89%	60%
United Kingdom	4	6	--	100%	67%
United Nations	27	46	44%	90%	59%
United States	5	11	--	100%	45%
World Bank	3	3	25%	67%	100%
Total	60	126	38%	65%	48%

* The total of coordinated missions has been adjusted to avoid double counting.
A discount factor of 25% is applied.

The proportion of co-ordinated analytic work increased sharply from 38% in 2005 to 65% in 2007, but fell back in 2010 to 48%, falling well short of the 66% target. These changes are attributed to varied donor responses to alignment on national systems, particularly with regard to financing arrangements, basket funding and co-ordination in the Development Partner Group framework. ■

MANAGING FOR RESULTS

INDICATOR 11
Do countries have
results-oriented
monitoring frameworks?

BOTH DONORS AND PARTNER COUNTRIES should manage resources according to well-defined, desired results, measuring progress toward them and using information on results to improve decision making and performance. Achieving this implies strengthening capacity to undertake such management and emphasising a focus on results. Countries are expected to develop cost-effective and results-oriented reporting and performance assessment frameworks, while donors commit to use them and refrain from requiring separate reporting.

Indicator 11 assesses the quality of a country's results-oriented frameworks. In particular, it considers the quality of the information generated, stakeholder access to information, and the extent to which the information is utilised within a country level monitoring and evaluation system. The government provides evidence against these criteria through the survey, and this is translated by the World Bank into a score running from A (highest score) to E (lowest score).

The Paris Declaration 2010 global target is to reduce the proportion of countries without transparent and monitorable performance assessment frameworks by one-third. Tanzania was allocated a B rating on the status of a results-oriented framework, meeting the 2010 target. The monitoring and evaluation system is sectorally comprehensive and has broad coverage. Monitoring and evaluation reports are used by policy makers and line ministries to develop national and sectoral policies and strategic documents. Data coverage of indicators provided in the national development strategy is evaluated as comprehensive, with 90% of quantitative indicators having baseline data. Data analysis and reporting is strengthened through periodic analytical reports such as the Poverty and Human Development Reports, Millennium Development Goals reports and national development strategy annual implementation reports. Co-ordination arrangements are based on and aligned to the wider reporting framework, which is in turn linked to tracking outputs at the level of national and regional agencies.

The national development strategy and progress reports are publically available on the internet and in hard-copy in Kiswahili. Public expenditure data are also publically available online, electronically and in hard copy on a quarterly basis. However, there is no information provided in the form of a unified progress report of the NDS. ■

MUTUAL ACCOUNTABILITY

STRONG AND BALANCED MECHANISMS that support accountability are required at all levels for aid to be most effective. Donors and partner country governments should be accountable to their respective publics and to each other for implementing their commitments on aid, its effectiveness, and the results to which it contributes.

Indicator 12 examines whether there is a country-level mechanism for mutual assessment of progress on partnership commitments, including on aid effectiveness. There are three criteria that must all be met: the existence of an aid policy or strategy agreed between the partner country government and donors; specific country-level aid effectiveness targets for both the partner country government and donors; an assessment towards these targets undertaken by both partner and donors in the last two years, and discussed in a forum for broad-based dialogue.

The 2010 target is for all partner countries to have mutual assessment reviews meeting these criteria in place.

Tanzania has a mutual accountability system in place. It should be noted that Tanzania's efforts to enhance the effectiveness of aid began in the mid-1990s with the Helleiner Report, followed by the Tanzania Assistance Strategy. The latter is a medium-term framework for managing external resources; fostering local ownership and leadership in the design and execution of development programmes; and promoting good governance, transparency, accountability and capacity building. The Joint Assistance Strategy for Tanzania 2006-2010 has guided better aid effectiveness in development co-operation. An Independent Monitoring Group (IMG) has also been put in place to periodically assess aid delivery and contribute to improved mutual accountability. ■

INDICATOR 12

Mutual accountability

NOTES

The quantitative information presented in the chapter is taken from data provided by national co-ordinators up to 31 July 2011, following the data validation process with stakeholders at the country level. It was not possible to modify or correct any data received after this date.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

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