

# Report on Evaluation Study of ODA Implementation System Case of Tanzania

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International Management Association of Japan, Inc.

Veteran Service Overseas Co., Ltd.

## 1. Overview

### (1) Purpose

The purpose of this study is to understand strengths as well as weaknesses of overall Japanese ODA system in Tanzania including Tanzanian government's system, Japanese implementation agency's activities and cooperation with other donor organizations. The study also aims at providing lessons and recommendations for future Japanese ODA system to be more effective and efficient.

### (2) Members

The study team was made up of the following four members:

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### (3) Method and Schedule

The method and schedule adopted in this study were as follows;

- a. Collecting and analyzing documentation materials in Japan from 1st to 20th on February 2002.
- b. Practicing field study including interviews, hearing and collecting information in Tanzania from 20th on February to 8th of March 2002.

- c. Analyzing data and information collected in both Japan and Tanzania, then drawing up evaluation report.

## **2. Social and Economic Development Activities in Tanzania**

The social and economic development of Tanzania can be divided into the following four stages:

- 1) Transition from a colonial economy to a socialist planned economy
- 2) Deterioration of the socialist planned economy
- 3) Transition to market economy
- 4) Growing market economy and democratization

Tanzania faces striking poverty because of the deterioration of organizational capacity, insufficient infrastructure, poor agricultural productivity in the era of socialist planned economy. The Tanzanian government launched a structural adjustment program to move to a market economy. The structural reforms on Tanzanian economy were taken place through economic policy charter in 1992 and the Rolling Plan in the following year. The democratization, also, was enhanced through multiparty election in 1995. In order to facilitate these reforms, further actions are also necessary such as transparency in politics, elimination of corruption, inclusive democracy and arising independent mass media.

## **3. Evaluation on ODA Implementation Systems**

### **(1) The Changing Environment of Economic Cooperation in Tanzania**

Although the structural adjustment policies pursued by African countries under World Bank and IMF initiatives during the 1980s yielded certain results, they had no positive impact on poverty reduction, and resulted in leaving heavy burdens of debt in developing countries. During the late 1990s, poverty reduction regimes focused on social development were introduced to resolve the accumulated issues caused by structural adjustment measures. Emphasis came to be placed on stronger ownership of the developing countries and partnerships of donor countries with the intention of utilizing limited development resources more efficiently.

In 1995, the above issues were taken up in the Helleiner Report in Tanzania. The Tanzanian government subsequently adopted Vision 2025, which is a long-term development program, Tanzanian Assistance Strategy (TAS), which is a social and economic strategy paper agreed by the Tanzanian government and donor countries/agencies, and a Poverty Reduction Strategy Paper (PRSP), which would form the core framework for assistance to Tanzania. Introducing these programs lead to formulating strategic sector development programs, allocation of budgets to each sector on a strategic basis, and monitoring of budgets. Sector programs (SP) took the concrete form of sectoral development programs, budget allocations were realized as a mid-term

expenditure framework (MTEF), and budgetary monitoring took the form of public expenditure review (PER). In the framework of sectoral development programs, emphasis is placed on harmonization of assistance procedures differed among the donor countries, a common basket (establishment of a common basket fund in SP framework), financial contributions of direct input to the general budget in order to shore up the Tanzanian government's fragile financial bodies.

The IMF, the World Bank, and other major donors engage differently in these new modalities of assistance. The World Bank, Denmark, Finland, and others focus on the common basket while the United Kingdom, Sweden, the EU, and others take the form of budget support. Norway, Netherlands and Switzerland use both common basket and budget support according to their purposes. The United States, Germany, the UNDP, and Japan have limited participation in the common basket and budget support. It is surmised that each donor country will proceed with its development assistance in accordance with its own development policy in a framework where various assistance modalities are flexibly adopted.

## **(2) Systems for Receiving Assistance in Tanzania**

Tanzanian systems for receiving development assistance are being set up in each sector program that plays key role in Tanzanian development assistance. Denmark, the United Kingdom, EU, Ireland, and the World Bank have joined Japan to formulate sector development strategies in agricultural sector. Programs are currently being formulated. The Ministry of Agriculture and Food Security is the principal government agency with responsibility for overall agricultural policy, while the Ministry of Natural Resources and Tourism and the Ministry of Regional Administration administer sectoral budgets in their respective sectors of forestry, fisheries, and wildlife. The ministry has taken a variety of measures to secure financial resources, including the establishment of an agricultural products development foundation, creation of a revolving fund, measures to privatize research activities, so that the Ministry of Agriculture and Food Security have particularly strong involvement in agricultural research and its dissemination activities, which are priority issues in the PRSP.

In the road and water sectors, reforms of organizations and systems are underway to implement sectoral development programs. The major reform is the change of governmental organization's role from implementers to coordinators of public services. In addition to this change, the function of providing public services (road upkeep and maintenance) is transferred from the Ministry of Public Works to the newly established Tanzania National Roads Agency (TANROADS).

While those reforms in each sector are on the course, implementation of the programs are constrained by both qualitative and quantitative lack of capacity in conducting operational coordination, formulating plans, administering budgets, managing finance in Tanzanian government. Specifically, it has been pointed out that there is a lack of human resources in the Vice President's Office, which is responsible for all organizational and systemic coordination in

connection with poverty initiatives. For that, Vice President's office has to use staffs sent from the Ministry of Finance when formulating the PRSP, and this ultimately affected the other operations of the Ministry of Finance.

In regard with monitoring & evaluation, which are related to fiscal management, a system has been set up to collect, acquire, share, analyze data for monitoring and evaluation in four groups formed by Tanzanian governmental organizations in both central and local levels in the Master plan for poverty monitoring formulated in December 2001. Capacity building is, however, considered to be necessary to solve some problems of human resources, organizations, and systems in every group. Further, monitoring and evaluation capacity should affect the quality of PER and MTEF as well as the success or failure of development programs in related to expenditure of the fund from development assistances.

### **(3) Japanese ODA Implementation Systems**

Japan's ODA policy for Tanzania was prescribed in the ODA Country Policy for Tanzania formulated by the Ministry of Foreign Affairs in June 2000, and has been given specific form at the project implementation level in the JICA Country Program for Tanzania. The five following sectors have been assigned priority in the ODA Country Policy:

- 1) Assistance for promotion of agriculture and small-scale industries
- 2) Assistance for basic education
- 3) Activities to cope with issues of population, HIV/AIDS, and children's health
- 4) Improvement of living environment in urban areas by providing basic infrastructure
- 5) Forest conservation

In addition to these five areas, the JICA Country Program for Tanzania also places emphasis on promotion of tourism and marine products industry, development of regional bases, and conservation of lake environments, together with capacity building in each area. As a measure of facilitating sector programs, JICA formulates programs by putting related projects together in accordance with each development issue so that the effectiveness of the development assistance is clearly shown. As these assistance programs were formulated before TAS and PRSP, the some priority sectors in Japanese assistance do not match with of TAS and PRSP.

Despite some differences in aid policy between Tanzania and Japan, Japan has been providing assistance for sectoral development programs in the framework of PRSP. For example, Japan has been sending personnel and experts for PRSP formulation and monitoring, supporting formulation of agriculture sector development strategy (ASDS) and school mapping projects that contribute to development planning in the education sector. On the other hand, Japan has not participated in common basket fund in the health care sector due to inadequate financial management capacity in the Ministry of Health. As for other sectors, discussions related to formulation and

implementation of sectoral development programs are also deepened through donor meetings and policy talks with the Tanzanian government.

As SP is further promoted in international community, the ODA implementation system will focus much more on financial support such as general budget assistance than individual projects, which used to be placed at the centre of development assistance, through policy talks with Tanzanian government, conferences on donor coordination and so on. As a consequence, the role of local offices of Japanese government will be more important to form development assistance activities. Therefore, it should be concerned that personnel assignment to the Japanese embassy and JICA office is necessary to gain a stronger voice and more proactive presence at the increasingly frequent on-site meetings with the Tanzanian government and other donors. The personnel and experts for planning and survey used to be primarily engaged in surveys and information collection of sectoral development programs in PRSP implementation framework. However, they should work in forming assistance activities and decision-making in ODA activities, as SP is more centered in these days.

Taking the importance of project-type assistance into considerations, Japan has constantly opposed to complete shift to program-type assistance. While new modalities such as common basket fund and budget support should be accepted to some extent, the flexibility to choose effective modalities according to the situation is necessary, especially, in Tanzania where the government does not have enough capacity in project formulation and implementation, monitoring and evaluation, and fiscal management. It is also important not to restrict modalities in development assistance, so that development assistances from good-will donors are not rejected. In this sense, Japan should keep stating the importance of flexibility to choose modalities rather than being fully involved in new modalities. Japanese technical cooperation is, in particular, expected to contribute to solve the capacity problems obstructing implementation of sectoral development programs. Japanese assistance is also being executed by taking advantage of the strong point in each scheme. Especially, grass-roots grant aid, as a visible assistance, has been highly appreciated by the recipient side for its immediate impact despite small scale, and has been utilized effectively in education and health care sector. The number of applications for grass-roots grant aid is supposed to increase, as it becomes better known and more appreciated in Tanzania.

## **4. Recommendations**

### **4.1 Recommendations Regarding ODA Implementation Systems of Tanzania**

#### **(1) Assistance for Capacity Building in the Tanzanian Government**

While the government of Tanzania is critical against long-term technical cooperation by foreign experts due to the cost considerations, Japan should state the importance of technical cooperation in light of the need to improve the government's capabilities in program formulation and implementation, monitoring and evaluation, and fiscal management. As Japan has enough experiences in capacity building by means of technical cooperation, it will be important to continue such cooperation supported by those experiences.

What is necessary in Tanzanian development assistance is the system that makes combination of new modalities and technical cooperation available as the occasion demands. It would be inadequate to standardize all assistance modalities under the name of aid coordination. It is more important for each donor country to consider what is the best modality for them.

Japan is playing key role and providing active assistance in formulating agricultural sector development programs. This movement is appropriate in consideration of Japan's good performance as well as difficulties of development assistance outside SP in this sector. This approach can be also expected to make contribution in setting up new assistance systems by showing how to cope with new modalities as well as problems in Japan's ODA system.

In order to facilitate development assistance in formulating, implementation and monitoring of sectoral development programs, it will be also necessary to dispatch policy advisors who make sure the consistency of Japan's ODA with Tanzanian development policy from deep inside the government. On the other hand, ownership of Tanzanian government in development program should be respected, as it could be easily infringed by development intervention in policy area when consultants from outside the government are involved.

## **4.2 Recommendations Regarding Japanese ODA Implementation Systems**

### **(1) Evolution of Claims for Assistance Modalities**

Some major donors assert that new assistance modalities such as the common basket and budget support should be mainstream of development aid in Tanzania. On the other hand, Japan is putting emphasis on the effectiveness of project type assistance, which Japan has been conducting in bilateral assistance. At the same time, Japan also points out the necessity of combination of project type assistance and new modalities as occasion demands.

It is not appropriate to put uniform approaches of new modalities on development assistance, because each donor has its own development assistance policies and procedures. The methods that make full use of strong points existing in each modality are desirable in Tanzanian development assistance. At a stage of formulating development programs, it is important to avoid overlapping and confusion among donor and partner countries by clearly showing their basic policy on development assistance. At a stage of implementing development assistance, it would be better to have various modalities, so that all donors mobilize their own knowledge and

experience. Significant impact of economic cooperation is precisely created when each donor provides and utilizes its own assistance modalities with their strong point. Therefore, Japan is making sense in stating the importance of aid variety in economic cooperation.

## **(2) Improvement of Systems in response to New Assistance Modalities**

Japan's assistance planning documents—the Ministry of Foreign Affairs' ODA Country Policy for Tanzania and the JICA Country Program for Tanzania—will have to be revised to go along with TAS and PRSP as new framework of development assistance such as PRSP is more active. Further, Japan's statement would be better understood at donor meetings by explaining the role of Japanese grant aid cooperation and technical cooperation to Tanzania government and other donors, so that Japan's aid should have strong voice that is to say, "aid with the recognizable voice from Japan."

In order to play active role at donor meetings and multilateral development conferences, first of all, Japan should join the discussions of assistance modalities at DAC, World Bank, SPA. Then, the information obtained at meetings should be shared among local and central bodies in Japanese government, and reflected in revising ODA Country Policy and the Country-Specific ODA Implementation Program in coordination with the embassy and JICA. Second, senior special assistant who is qualified as economist to join development meetings should be posted at embassy.

## **(3) "Grass-Roots Grant Aid"**

Grass-roots grant aid, which is an assistance of Japanese ODA, is highly appreciated for its immediate impact despite its relatively small size. Currently there are about 200 applications annually for this type of cooperation in Tanzania. Project applications are expected to increase in number, as it becomes well known in Tanzania. Therefore, it would be necessary to employ additional staff in charge of grass-roots grant aid. If it were difficult to increase the embassy staffs, then employing local staffs who have enough knowledge about local society could be another effective way. It is also recommendable to hire personnel who have degrees in development economics or area studies as assistance staffs to work on grass-roots grant aid.