

**Third Party Evaluation 2005,  
The Ministry of Foreign Affairs of Japan**

## **Country Assistance Evaluation of Tanzania**

**-Summary-**

**March 2006**

## Preface

This report is a summary of the Country Assistance Evaluation of Tanzania undertaken by the External Advisory Meeting on ODA Evaluation, which is an informal advisory body of the Director-General of the Economic Cooperation Bureau of the Ministry of Foreign Affairs of Japan.

Japan has been one of the top donor countries of ODA (Official Development Assistance) and there have been domestic and international calls for more effective and efficient implementation of assistance. The Ministry of Foreign Affairs, as the ministry responsible for ODA, has been conducting ODA evaluation mainly at the policy level with two main objectives: to support the implementation and management of ODA and to ensure its accountability.

Japan's basic policy of the ODA for Tanzania is stated in the "Tanzania Country Assistant Program". Since the Program was formulated in June 2000, Japan has provided assistance to Tanzania based on this Program. During the five years after the formulation, various important events have taken place, such as the adoption of the new ODA Charter of Japan (August 2003) and the development of the PRS (Poverty Reduction Strategy), and rapid advancement of the government-donor aid coordination, all of which had great influence on the ODA environment in Tanzania.

Against such a backdrop, this evaluation study was conducted to evaluate Japan's assistance policy for Tanzania in general, to obtain lessons and make suggestions for conducting more effective and efficient assistance in the future, and to fulfill the government's accountability by disclosing the evaluation results.

The study limited its scope to the evaluation of the sector level of assistance activities and the aid coordination in the Tanzanian, because there is an evaluation study being conducted on the general budget support of Tanzania and Vietnam parallel to this study.

The External Advisory Meeting on ODA Evaluation was formed to improve the objectivity in evaluation. The Meeting is commissioned to conduct an evaluation of ODA and to report results and recommendations to the Economic Cooperation Bureau of Ministry of Foreign Affairs. Ms. Kiyoko Ikegami, a member of the Meeting and Director of the UNFPA Tokyo Office, was in charge of this evaluation.

Mr. Ken Inoue, Director of the Industry Department, Asian Productivity Organization, being an advisor to the study, has made enormous contributions to this report. Likewise, the Ministry of Foreign Affairs and the Japan International Cooperation Agency have also given their cooperation. We would like to take this opportunity to express our sincere gratitude to all those who were involved in this study. The Aid Planning Division of the Economic Cooperation Bureau of the Ministry of Foreign Affairs was in charge of coordination. All other supportive work was provided by the International Development Center of Japan under commission of the Ministry of Foreign Affairs.

Finally, we wish to add that the opinions expressed in this report do not reflect the view or position of the Government of Japan or any other institution.

March 2006

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## Summary

### **1 . Background, Purpose, Subject, and Methodology of the Evaluation Study**

#### **(1) Background and purpose of the study**

Japan's basic policy of the Official Development Assistance (ODA) for Tanzania is stated in the "Tanzania Country Assistant Program" ("the Program" hereinafter). Since the Program was formulated in June 2000, Japan has provided assistance to Tanzania based on this Program. During the five years after the formulation, various important events have taken place, such as the adoption of the new ODA Charter of Japan (August 2003) and the development of the PRS (Poverty Reduction Strategy), and rapid advancement of the government-donor Aid Coordination ("the Aid Coordination" hereinafter), all of which had great influence on the ODA environment in Tanzania.

Against such a backdrop, this evaluation study was conducted to evaluate Japan's assistance policy for Tanzania in general, to obtain lessons and make suggestions for conducting more effective and efficient assistance in the future, and to fulfill the government's accountability by disclosing the evaluation results.

#### **(2) Subject of the evaluation**

The subject of the evaluation study was the overall policy of ODA to Tanzania, including the Program. The "ODA Evaluation Guideline Version 2 ("the Guideline" hereinafter)" authorized and issued by the Ministry of Foreign Affairs in May 2005 designates "country evaluation" as one of the "policy-level evaluations". Being a policy-level evaluation, the country evaluation examines a whole of the ODA activities including projects and programs. In practice, this study reviewed specific activities conducted under the Program and then evaluated their overall effectiveness in a sector concerned or in Tanzania as a whole. To be more specific, the study reviewed all the assistance projects (technical assistance projects, grant aids, development researches, etc., during the period from June 2000 to May 2005) conducted under the Program. In addition to the projects, the study also evaluated the systems, processes, etc., for implementing the Program. There is an evaluation study being conducted on the general budget support of Tanzania and Vietnam parallel to this study. In order to avoid redundancy, the present study limited its scope to the evaluation of the sector level of assistance activities and the Aid Coordination in the Tanzanian assistance policy.

#### **(3) Methodology of the evaluation**

The evaluation was conducted, based primarily on the Guideline, in terms of the three viewpoints: relevance of purpose, effectiveness of results, and appropriateness of process. Tanzania, the subject of the evaluation, is one of the leading countries of the world in the movement of the Aid Coordination, which is one of the recent trends in ODA. As Japan has made various attempts in this area, this study placed an additional focus on this respect to verify its effectiveness.

### **2 . Recent Development Trends in Tanzania**

The Aid Coordination is one of the topics discussed most frequently in the circle of Tanzania development assistance. In fact, much progress has been made in the coordination. The concept of the Aid Coordination was advocated as "sector-wide approach" by the World Bank before 1995. In Tanzania, the practice gained full steam after the Helleiner Report was

published in 1995.<sup>1</sup> This report points out the importance of the government taking initiatives in planning sector programs and disbursing development funds according to the government's fiscal system to improve assistance efficiency and foster ownership. As of now, sector programs have been established in such areas as primary education, health, agriculture, local government reform, and roads. In the agriculture sector, Japan has supported as a leading donor the government in preparing the sector program. Sector common basket, or participation in the general budget support, is also making gradual progress. Since June 2000, the Tanzanian government has formulated the first PRS, Tanzania Assistance Strategy (TAS), National Strategy for Growth and Reduction of Poverty (NSGRP, MKUKUTA), etc. The country is currently planning the Joint Assistance Strategy (JAS) to further promote the Aid Coordination.

### **3 . Evaluation of Japan's Assistance to Tanzania**

#### **(1) General evaluation of relevance of purpose**

##### **1) Consistency with Japan's ODA policy**

The priority issues pointed out in the Program are general in their nature, as the Program is designed to be an overall assistance policy to Tanzania. Compared to the priority issues in the ODA Charter, the Mid-term Policy, and the Policy for Africa, for example, the issues of the Program are more or less in conformity. They are designed to be comprehensive and accommodate a range of policies. Being consistent for the most part with the direction of the higher policies, the Program can be considered consistent with the framework of Japan's higher policies.

##### **2) Consistency with national development policies of Tanzania**

After the structural adjustment policy was implemented by the World Bank and IMF in the 1980's, the assistance environment in Africa has changed dramatically. Tanzania, too, has seen its assistance environment rapidly evolved after the Helleiner Report. The first PRS had not been formulated when the Program was prepared in June 2000. Therefore, the Program needed to be first compared with the National Poverty Eradication Strategy (NPES) and Vision 2025 both of which were already available at that time.

The key components of the Program are the priority assistance sectors that were agreed upon with the Tanzanian government when the general economic cooperation mission visited Tanzania in February 1997. Given such recognition of the Tanzanian government on the key components, the Program is believed to be basically consistent with NPES, Vision 2025, etc., which had already been formulated at that time.

Due to subsequent changes in the assistance environment, however, some components of the Program became less consistent with the national development policies of Tanzania. Over the five years, the Tanzanian development policies have made a large progress, and numerous policy documents significant to stakeholders were announced. It is also important to study whether the Program has maintained consistency in relation to this flow of events. Compared to the first PRS, TAS, NSGRP (MKUKUTA), and JAS that were formulated since June 2000, it is observable that the Program has had difficulties to maintain consistency in

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<sup>1</sup> The Helleiner Report was issued in response to the increasing conflict in the mid-1990's between the donors, who expressed concerns over the Tanzanian government's efforts in reform, and the government, which grew distrustful of the donors who reduced support. The report examined the relationship between the government and donors from a neutral standpoint and proposed improvement. The report is named after Helleiner, a professor of University of Toronto who chaired the investigation team.

some areas. For example, the Program does not have sectors suitable to poverty reduction monitoring. Overall, however, as the priority sectors under the Program were comprehensive, the Program was able to accommodate a range of sub-sectors, allowing the Program to accommodate almost all the policies.

Despite the observable inconsistency between the Program and the Tanzanian national development policies, both sides share a common goal of achieving socioeconomic development to reduce or eradicate poverty. Therefore, at this basic level, the Program can positively be appraised as being relevant to the Tanzanian development policies.

### **3) Consideration for Tanzanian assistance policies of principal donors**

As development assistance to Tanzania is often led by the Aid Coordination, it is also important to find out views and strategies of major donors.

Many donors employ strategies in that, instead of supporting specific sectors, they designate principal policy objectives of their assistance such as poverty reduction/eradication or poverty monitoring. They also often focus on such cross-sectoral issues as reinforcing Tanzania's ownership, improving the assistance implementation system, good governance, government's accountability, partnership, etc., and aim to achieve a sustainable support of economic, social, and environmental development. While Japan's assistance accommodates some of these aspects by supplementing the prior sector assistance by broadly interpreting the "Notes on implementation" of the Program, such an approach is less adaptable to the issues.

On the other hand, Japan has assumed a more active role in the Aid Coordination in recent years. In this process, Japan is becoming more attentive to other donors' policies on Tanzania assistance.

## **(2) General evaluation of effectiveness and impact of results**

The assistance activities conducted under the Program were grouped by sectors. They were then jointly analyzed for their effectiveness in the sectors. Unlike an evaluation of individual projects, however, the joint effectiveness of activities involves numerous external factors such as the policies and regulations of the recipient country, and policies and assistance activities of other donors. In addition, the Program is not specific enough to indicate indexes that measure the level of effectiveness. Therefore, for all practical purposes, it is difficult to make an objective evaluation of the Program. We will evaluate the effectiveness in terms of the four aspects below. Though they are not direct indicators of the effectiveness, they are considered as necessary conditions for the activities to produce effective results. Note that programs for expert dispatching and training are not evaluated in this process.

- Financial contribution
- Alignment with Tanzania's needs
- Synergetic and spillover effect of projects
- Improvement in sector/regional and macro indicators

During the five years that the Program was formulated and executed, Tanzania has made substantial regulatory reform, a process which is still in progress. The country's economy has become more stable, and is in a growing stage. While it is still too early to make a definitive statement on how much the poverty reduction goals have been achieved, at least, major improvement has been seen in some sectors, such as education. In general, it can be said that development in Tanzania is proceeding relatively smoothly. Naturally, such steady development has not been brought about only by the support of Japan. While Japan is one of the major countries in terms of development assistance in Tanzania, the situation is remarkably different from those in the Southeast Asian countries where Japan is often the most significant contributor in the donor circle. In Tanzania, Japan has extended its assistance rather through coordination with the government and other donors.

In such an environment, it is difficult to identify Japan's individual contribution. Attempts were thus made to assess the effectiveness of the Program by examining the projects according to the aspects above. The general conclusions were derived and presented below. Evaluation of Japan's response to the Aid Coordination is described in Section 4 (Evaluation of Japan's Effort in the Aid Coordination in Tanzania).

- Japan's supports are generally regarded important by the Tanzanian side (and other donors). They are seen as having had a positive effect. An overall evaluation is that the assistance was effective in agriculture, health, roads, water, PRS supports, etc.
- Japan's assistance is regarded effective in agriculture and infrastructure sectors such as roads. In the agricultural sector, taking a leading role in promoting sector wide approach, Japan has contributed to the formulation of agricultural development policies. Japan also made relatively large contributions to the irrigation and rural development sub-sectors using a grant aid and a counterpart fund such as food assistance, respectively. In the road sector, a grant aid was used to construct and repair important roads included in the development plan. Japan made a relatively larger financial contribution, and in most cases projects were properly selected.
- As for the education sector, Japan has not participated in the sector basket fund. Its financial contribution was therefore not significant, but it did conduct a project that supported the National Education Policy by strengthening educational planning ability at the local level. In the health sector, Japan has not participated in the sector basket either, and its financial contribution has been minor. However, Japan has supported important areas in line with Tanzanian policies such as assignment of policy advisors (Aid Coordination), support for preventing communicable diseases, and support for strengthening administrative capacity of local medical care. These findings suggest that, while those rendered projects produced important outcomes, as the sector has been dominated by the sector wide approach with many other donors participating, the Japanese contributions alone have remained minor. Aside from quantitative contribution (financial scale or the scope and scale of projects), the active participation in these sectors with other donors and supporting government's programs were themselves significant with respect to the Japan's own policy objectives. While these sectors are important in connection with MDGs, social development, and poverty reduction, etc., further examination might be appropriate to find out strategic importance in terms of Japan's overall assistance policy.
- The category "Others" (e.g., PRS supports) was made available to accommodate activities not included in the Program but needed later to align the Program with the local

situations arising in the development after June 2000, including the first PRS. Activities in this category were also acknowledged well by the Tanzanian side.

- Japan's support of the fishing sector is financially noticeable in comparison with the Tanzanian government's corresponding expenditure. The support is also relevant to securing fishery zone. Fish products being a valuable source of protein and for other nutrients in Tanzanian's diet, promotion of the fishing industry is considered important for poverty reduction. Therefore, Japan's support in the fishing sector has been an important contribution. However, the fishing sector has not been recognized as an important sector in the Tanzanian government's development plan. Therefore its relevance is considered only as partial.
- There were not many assistance activities in the sectors of power, forestry preservation, and small business promotion. While these sectors were included in the Program, actual supporting activities were scarce. Therefore, these sectors cannot be considered the priority sectors. In the power sector, a study for a master plan was conducted, and was appreciated by the Tanzanian government. Because of the general policy of the sector that the counterpart, Tanzanian Electric Supply Company (TANESCO), was to be privatized, the advancement of the project was hampered immediately after the study was completed. The overall effect of Japan's contribution in these sectors are considered limited.

The overall, not sector-wise, effectiveness of Japan's assistance is described below.

- While projects in each sector were formulated and implemented with sufficient reference to the needs of the sector, the projects seem to lack a comprehensive strategy in that synergetic and spillover effects are taken into consideration. "Strategy" as described here refers to the following set of actions:
  - For effective use of finite assistance resources, to specify overall targets of the Program with particular focus on expected changes to be brought about to Tanzania.
  - To clarify the links between sectors/issues and the overall targets.
  - To consider the synergetic positive effect among projects so that projects as a whole can be effectively achieve the targets (e.g., if rural development is the target, supports are needed in irrigation, rural road, agricultural extension services or market enhancing).
  - In addition, to collaborate systematically with support in capacity building of individuals and organizations. Such activities may include training of personnel development, policy formulation support, and system development support.
- Indicators are indispensable for proper evaluation regardless of the level of evaluation. The present Program, however, lacks explicit indicators. Even though evaluation of policy effectiveness is in general considered difficult due to the wide range of contents and complicated cause-effect network, it is still highly recommendable to include some sort of indicators.
- While it is difficult to analyze how the Program has contributed to the bilateral relationship between Tanzania and Japan, the relationship seems to grow positively as there are increasing number of visits of important personnel between the two countries. The support for Tanzania can be regarded as one of the key stones in Japan's policy for supporting Africa.

With respect to the Aid Coordination, Japan participates, along with the World Bank, in sixteen

sector meetings. It should be noted, however, that recognizing the importance of the coordination is one thing, while deciding how to participate in it is quite another. The sections/issues that Japan participates and the degree of participation should carefully be assessed. Such a “strategic” approach is necessary.

Summarizing the evaluation results describe above, it is concluded that the overall effectiveness of the Program, as a policy, was just satisfactory.

### **(3) General evaluation of appropriateness of the process**

#### **1) Appropriateness of the formulation process**

At the time that the Program was formulated, a task force was formed where a Deputy Director-General of the Ministry of Foreign Affairs acted as the supervisor, while the directors of the Economic Cooperation Bureau acted as heads, Chief of Assessment Office, and Loan Aid Division, Technical Cooperation Division, and Aid Policy Division Program Officers acted as heads, and division officers who were in charge of countries of concern and officers of regional bureaus became working members of the group.

Aid Policy Division took the lead (in the case of Tanzania, however, Director of then Multilateral Cooperation Division conducted the administrative work for the Program as the head of the task force) in preparing the Program by obtaining information and comments from relevant divisions and a few scholars. The draft was then revised with information from the embassy. Therefore, the Program was formulated more or less under the leadership of Tokyo. During the time that the Program was prepared, which was five to seven years ago, it was customary to make policy decisions by the lead of the headquarter of the Ministry. Therefore, the system was not able to fully reflective to the latest assistance trends in the recipient country.

As for the timing of the formulation of the Program, it appears that two years somehow passed, in the course of the process, since beginning of the formulation, and overlapped with formulation of the first Poverty Reduction Strategy (completed in October 2000). PRS and the Aid Coordination in Tanzania gained momentum in 1999, and the embassy and the JICA office actively communicated to Japan on the matters. However, due to the difference in perceived urgency between Tokyo and the overseas offices, there was a delay in response. As a result, the information on the completion of PRS in Tanzania was reflected in the Program by inserting only a few factual sentences at the final stage of formulation.

The fact that the content of the Program was not changed to reflect the information received from the recipient country seems to suggest that the formulation and approval process at the time was less adjustable to ongoing changes. Considering that not much has changed in the preparation process for the Program, which still requires an approval of the Council of Overseas Economic Cooperation, it is desirable to pay serious attention to the issue.

The five priority sectors of the Program are reported as being based on the agreement between the Tanzanian government and the general economic cooperation mission assigned to Tanzania in February 1997. All the five priority sectors are comprehensive in their contents and, as described above, can cover matters across a board range of issues. On the other hand, due to their general nature, even today, majority of the stakeholders, including the Tanzanian government, comment that they are appropriate for most part. Therefore, aside the appropriateness of the formulation process or timing, the contents are generally relevant. Another issue is that the “notes on implementation”, which are provided along with the five

priority sectors, appear more or less to have been written for the care of the Japanese side, and was short of information that reflects the Tanzanian situation.

In sum, based on information collected in Tanzania and the analysis thereof, it is concluded that the formulation process of the Program was not fully adequate especially in terms of flexibility and responsiveness to the ongoing situations of the country concerned.

## **2) Appropriateness of the implementation process**

Every year, JICA prepares the "JICA Country Program" in the framework of the Program. JICA formulates and selects projects based on the priority sectors and the notes on implementation of the Program. As the five priority sectors of the Program are comprehensive, it appears that no major confusion has occurred in the past five years despite the remarkable changes in Tanzania's assistance environment. The Program, however, fell short of accommodating the development in the Aid Coordination in Tanzania. The Program also showed inadequacy in new assistance needs of regulations and institutional support. Adjustments were made in practice to accommodate those new developments. JICA, the implementation agency, has made efforts to properly fit the local needs and conditions of Tanzania within the scope of the priority sectors and notes on implementation of the Program.

Regarding Japan's assistance process, the Tanzanian side (government and other donors) has commented that too much time is often spent on making decisions, and flexibility is thus lost. They think that delegation of authority to the field offices is lagging. The Tanzanian side has also commented that due to the restrictive nature of the assistance, the Japanese assistance has failed to fully address the major changes in today's assistance environment in Tanzania. On the other hand, the Tanzanian side praised the Japanese assistance process in such aspects that once an agreement is reached, the project is securely and smoothly implemented, and that Japan has improved its understanding of the Aid Coordination process, and has now become an active participant. The Tanzanian side also appreciated that Japan often build a good partnerships with Tanzanian counterparts. Japan began to change its approach to the Aid Coordination in June 2000 when the then Director-General of Economic Cooperation Bureau visited Tanzania, confirmed trends of the Aid Coordination, and instructed the embassy and JICA office to positively participate in the Aid Coordination. Having a major impact on the direction of Japan's assistance, such a new instruction should have been included in the Program, which shows Japan's basic assistance policies to Tanzania. The facts that such an important change was not included in the Program, and attempts were made mostly at the operational level to accommodate the changes indicates that while the Program is an important policy document, it is less adjustable to the actual conditions of the field and thus lacks flexibility. On the other hand, credit is due to the people at the operational level for maneuvering operation through various consultations and documents amidst such environmental changes.

The Tanzanian side seems to be aware of the Program. This awareness is attributed not so much to explanations given to the Tanzanian government or other donors, but to consultation with stakeholders and active participation in donor meetings. Many development organizations use websites in recent years to publicize and advertise their policies. It is thus deemed important for Japan, as is for other organizations, to take initiatives in explaining and informing stakeholders (including other donors) of its policies for Tanzania.

Based on the above, it could be concluded that the implementation process is appropriate

to some extent at least at the operational level. It seems that serious efforts have been made at that level for projects to better suit to the actual conditions arising in Tanzania's aid environment. On the other hand, considering the speed of changes in Tanzania's aid environment, it seems necessary to modify the mechanism of the Program formulation and implementation to make the Program more responsive to changes in the aid environment.

### **3) Appropriateness of Tanzania's system for receiving assistance**

Since the Poverty Reduction Strategy, the Tanzanian government has been active in taking initiatives of formulating own development strategies and policies on the macro level. In this respect, some of the central government institutions, such as the Finance Ministry and Presidential Office are demonstrating extremely high level of ownership. On the other hand, based on information obtained through interviews with government's line ministries and agencies, and other donors, as well as by reviewing sector policy documents and third-party evaluations, ownership at the lower ranking operational level seems still not sufficient. While an effort to improve ownership, such as increasing tax revenues, can be seen, still more time is needed for the government as a whole to establish firm ownership.

### **4) Appropriateness of the review system**

It is important, after formulating the Program, to review the Program regularly and conduct interim evaluations. For example, after formulation, the adequacy of the Program can be reviewed once every six months so the Program can be promptly adapted to changes in the aid environment. A time frame of three years<sup>2</sup> should be set to conduct major reviews. Even if the Program is maintained for five years as it is now, an interim evaluation should be conducted two years after the Program is put in operation. Such a system of periodic review of the Program is necessary.

With regard to the present Program, the only review work to this date is the Evaluation Study on the Institution of the Aid Implementation of 2001. It appears that other than this study, the effectiveness of the Program has not been assessed to this date. Today, as the Second Country Programming Division, which is responsible for preparing Country Programs, is taking an initiative in building a system for formulating, checking, and following up Programs, it is expected that a sustainable system of checking and reviewing the effectiveness of Programs will soon put in place. In summarizing the findings, it is concluded that we acknowledge that a checking system is now being constructed, but on the other hand, we also recognized that the present Program has not been sufficiently reviewed in the last five years.

It is expected that an effective feedback and review system for the Program would be urgently established.

## **4 . Evaluation of Japan's Response to the Aid Coordination in Tanzania**

Because the Aid Coordination was still a new concept at the time, and there had been little discussion on the topic, no specific policies on the Aid Coordination was included in the Program. Therefore, as the Aid Coordination grew rapidly in Tanzania from 2000, Japan responded to it, as mentioned above, primarily by making adjustment at the operational level. Major efforts were rendered at the embassy and JICA Tanzania office. On the other hand, the Ministry has issued

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<sup>2</sup> The reason for setting the time frame to 3 years: The current PRS runs from July 2005 to June 2010. Considering that the formulation of JAS will be completed by 2006, if the next Assistance Plan were completed in 2006 and implemented in April 2007, a cycle of three years should be ideal.

policy instructions and manuals on the Aid Coordination to embassies and consulates whenever necessary, so they could make decisions based on such documents. The fact that a clear policy on the Aid Coordination was not included in the Program indicates that, at least at the beginning of the Program period, the Ministry headquarter and the embassy did not share similar level of urgency of the Aid Coordination. Due to the speed at which Tanzania subsequently developed the coordination mechanism, the policy instructions and manuals alone sometimes failed to foster a common understanding as intended. Therefore, we recommend that, by accurately forecasting future trends of the Aid Coordination, the next Program for Tanzania should explicitly include a policy on the Aid Coordination and ensure that the Ministry and overseas offices communicate better and share the same awareness.

### **(1) Action and policy for the Aid Coordination**

As the current Program does not include action or policy for the Aid Coordination, the Program falls short of being an adequate assistance policy for Tanzania.

### **(2) Substance of Japan's participation in the Aid Coordination for Tanzania**

- 1) Japan participated in 16 out of 22 consultation meetings on sectors/issues, which is adequate.
- 2) As for financial participation, Japan currently participates in three common baskets (poverty monitoring, public finance management, and agricultural (ASDP) secretariat baskets). According to information as of March 2006, a new agriculture (ASDP) basket will begin in fiscal year 2006, and the current agriculture (ASDP) secretariat basket will be integrated into the new basket. The participation in the basket is small in monetary terms, disproportional to the total amount of aid that Japan provides to Tanzania and the degree of participation in consultation meetings. This is believed to be due to the low priority placed by Japan on participation in common baskets, and the limitations of Japan's present funding modality.

### **(3) Japan's institutional/organizational efforts to participate in the Aid Coordination**

- 1) The number of personnel has increased little. The net increase was one for the embassy and three for the JICA office. But if one looks the rearrangement of positions, the JICA office increased the number of Project Formulation Advisors and Special Coordination Officers to accommodate the local needs. As participation in the Aid Coordination meetings has increased (meetings currently participated: 17 by the embassy and 30 by the JICA office), the embassy and the JICA office have made efforts on the operational level and collaborated with each other to flexibly accommodate the needs.
- 2) Though the embassy received one additional staff, the Economic Cooperation Advisor, during the past five years, the increase is not necessarily sufficient because the position that the new staff occupied was primarily for research and advisory, and thus not completely adequate to engage in the Aid Coordination.
- 3) While the embassy and the JICA office have competent staff, the entire manpower is inadequate to assume a more active role (e.g., if taking a more active role, Japanese staff needs to be able to properly present and argue their views in the meetings, and moreover if necessary needs to take a leading role) in the Aid Coordination.
- 4) The embassy and the JICA office have limited authority to make decisions, and are restrained by rigid operational regulations. For example, if the embassy or JICA are in a

meeting with other donors or the government, and discussing about the content of a memorandum (e.g., memorandum of understanding), Japan would be the last to make the decision. In a conference where prompt action is demanded, there is no time to explain the details to or seek the consent from Tokyo. The embassy or the JICA office should also be given more discretion in fund use in a sector program.

- 5) Japan's current aid modalities (both project implementation and fund disbursement) seem to be incompatible with the current trend of Aid Coordination, because they do not have technical cooperation frameworks that allows process oriented support, or fund types that can be used for common fund scheme.

#### **(4) Strategic response to the Aid Coordination**

The Aid Coordination is basically a process along which a project or a development activity is to be implemented. The government and donors continuously consult with each other on the policy level to advance specific development projects. The advantages of advancing projects through consultations are:

- 1) Allows donors to support from the beginning of the policy setting stages a developing country which often has insufficient policy formulation ability;
- 2) Helps a developing country of inadequate administration and governance to improve such abilities;
- 3) Eliminate redundancy in the government's response (reduces transaction costs), as the donors consult with the government as a group; and
- 4) Allows donors to directly influence the policies of the recipient country so as to impose restrictive effect similar to the conventional conditionality.

How should Japan take part in the Aid Coordination that delivers such benefits? The strategy requires careful consideration. An effective way to consider the strategy is to study the three aspects as described in section (5) (Anticipated results of the Aid Coordination and various forms of involvement). This section describes the current situation.

- 1) There is no clear strategy for the Aid Coordination that is shared by the relevant parties, and no such policy has been issued.
- 2) Agriculture and poverty monitoring are sectors in which Japan has been actively involved. Japan has amassed more than 20 years of experience in agriculture, and poverty monitoring is the fundamental activity of the poverty reduction. Therefore these are appropriate sectors in light of Japan's advantage and their degree of importance in Tanzania's development strategy.
- 3) Participation in the education and health care sectors is significant in terms of Japan's commitment to MDGs and the degree of their importance in the Tanzanian development strategy. As a large number of donors participate in these sectors, Japan is only one in a crowd, and it is difficult to demonstrate Japan's presence. As Japan does not participate financially in the basket, and as project (e.g., grant or technical project) support does not necessarily have a large financial impact (the government fund, including the basket, is already substantial), it may be wise to reconsider Japan's strategic involvement.
- 4) In the public financial management sector, it appears that Japan is gradually increasing the degree of involvement. A clear policy is needed, however, on how Japan should strategically become involved in this field.
- 5) In another sector, the local government reform, Japan is involved in a strategic project

under a policy of administrative decentralization. As for public service reform, however, Japan's involvement is believed to be limited to collection of information. A policy is also required in this sector on future involvement.

As for a strategy on the Aid Coordination, Japan should consider the following aspects:

- Clarify the overall principles concerning the Aid Coordination, and share the principles among relevant parties.
- Consider Japan's advantage (technical or knowledge) and whether it would be easy for Japan to take a leading role, and select sectors and issues in which Japan could enjoy either of them.
- Even when a decision is made to participate in the Aid Coordination, decide on the degree of involvement (namely, the policy coordination level, financial coordination level, or procedural coordination level).
- Level at which Japan will participate in the Aid Coordination (e.g., sector level or financial level).

Participation in a common fund means that Japan becomes only one of the many donors, which may dilute the impact. With this in mind, it is important to consider why, despite the possible delusion of impact, it is necessary for Japan to take part in the Aid Coordination, and also how to handle the Aid Coordination.

#### **(5) Anticipated results of the Aid Coordination and various forms of involvement**

Analyzing the Aid Coordination in terms of specific involvement, the important aspects are to what extent the donors, as a group, should accept the government's guidelines and policies, or in essence, whether they should provide assistance according to the policies and methods presented by the recipient government (whether the donors are willing to respect the ownership). Specific involvement in the Aid Coordination can generally be classified into three areas:

- A. Agreement on policies
- B. Agreement on fund use
- C. Agreement on procedure

"Agreement on policies" means that to what extent the donors will follow the government's development policies when implementing an assistance project or programs. For example, if the case involves supporting Tanzania's agricultural sector, to what degree will the donors follow the agricultural sector development strategy and program prepared by the Tanzanian government? "Agreement on fund use" involves such issues as whether to conduct the assistance as a project, sector basket, or general budget support. Basically, the higher the funding level is on a fiscal ladder, the greater the scope of decision making authority granted to the recipient country, and thus the more the recipient country enjoys their discretion of expenditure. The greater the recipient country assumes the discretion of funds, the more difficult it would be for Japan (or any other donors) to ensure accountability to the Japanese people on the use of Japan's assistance money. "Agreement on procedure" refers to following the recipient country's regulations and methods in managing projects, such as procurement and accounting reports. When donors strictly comply with the recipient country's regulations and laws, the project would be implemented according to the recipient country's procurement and accounting procedures, and the donors can only verify the procurement results and reports

submitted by the recipient government.

Based on the categories above, Japan's current involvement in the Aid Coordination is judged to be for the most part at the level of the "agreement on policies". The degree of Japan's involvement in "agreement on fund use" and "agreement on procedure" levels is limited.

#### **(6) Degree of contribution to the Aid Coordination outcomes by sector or issue**

This section attempts to assess the degree to which Japan has contributed to the generation of the inherent benefit of the Aid Coordination (e.g., increase of ownership in proportion to the improved government's ability, autonomous planning of effective policies by the government, reduction of the government's transaction costs, and efficient use of assistance funds). An important point is that merely participating in a large number of meetings or inputting large amounts into basket funds or general budget would not by itself help realize the inherent benefit of the Aid Coordination. It is necessary to maintain a balance between the improvement in the government's abilities and the improvement in the level to which the government can autonomously plan, implement, and manage policies.

The degree of Japan's contribution by sector/issue can be summarized as follows:

- 1) In agriculture and poverty monitoring sectors, Japan made a relatively large contribution by actively participating in the meetings between the government and donors, assuming a key role, and becoming deeply involved in improving the government's ability to set and govern their policies.
- 2) In the education and health sectors, while Japan actively participated in the meetings, it did not always assume a key role in policies dialogue and improving the system capacity, so its degree of contribution seems to be limited.
- 3) In the public financial management sector, Japan is making an increasingly greater contribution by participating in the meetings and actively assigning personnel.
- 4) In other sectors/issues (e.g., local government reform and public service reform), Japan has gradually been increasing contribution.

#### **(7) Degree of contribution to the Aid Coordination for Tanzania as a whole**

Japan's participation is said to have broadened the scope and invigorated the contents of discussions. In addition, Japan's participation enlarged the circle of the Aid Coordination for Tanzania. For example, USAID, which had been relatively indifferent, has gradually shown signs of involvement, albeit still at the level of collecting information, in recent years. In essence, it could be said that Japan has helped enrich the Aid Coordination.

### **5. Some Model Plans to Respond to the Aid Coordination**

When contemplating how Japan should participate in the Aid Coordination for Tanzania, there are numerous points that must be taken into account. Based on the analyses and suggestions above, we have presented three examples below on the outline for the new Program. As various options are conceivable for the next Program, the consideration should not be limited to the three cases below. Also note that we are not suggesting that these cases are either relevant or appropriate. They are intended only to serve as a guideline for envisioning the rough composition and content of the new Program.

#### **Example 1. Continuation and Extension of the Current Strategy**

Basic principles:

- (1) Pay utmost respect to recipient country's own efforts
- (2) Support recipient country's poverty reduction efforts
- (3) Support based on the conventional modalities (bilateral support)

Response to the G-D Coordination:

- (1) Actively participate in dialogues between the government and donors
- (2) Harmonize to a possible extent with the funding and procedural modalities proposed by the G-D Coordination

Important sectors:

- (1) Support the agriculture, education, and health sectors
- (2) Promote poverty monitoring as PRS support, and public financial management as financial management support
- (3) Promote capacity building of personnel, organization, and institution (receive trainees and assign experts)
- (4) Promote infrastructure investment (e.g., roads and water supply)

Targets:

- (1) PRS indicators (e.g., rural income, school enrollment rate, and malaria contraction rate)
- (2) Road pavement extension, rural drinking water access rate, etc.
- (3) Number of trainees, number of experts assigned, etc.

Note:

- (1) Pay attention to the progress in good governance, such as eradication of corruption
- (2) Pay attention to the improvement in debt management ability

**Example 2. Focus Re-orientation: Shift Focus from Sectors to Issues**Basic principles:

- (1) Pay utmost respect to the recipient country's own efforts
- (2) Support poverty reduction through growth
- (3) Share Asian development experience

Response to the G-D Coordination:

- (1) Actively participate in dialogues between the government and donors
- (2) Harmonize to a possible extent with the funding and procedural modalities proposed by the G-D Coordination

Priority issues:

- (1) Increase employment and income
- (2) Foster and expand industries

Specific issues:

- Capacity Building (agriculture, small and medium enterprises, export/import promotion)
- Infrastructure investment (e.g., roads, rural electrification, harbor improvement)
- Support in establishing special economic zones and free trade zones
- Promote south-south cooperation

Targets:

- (1) Reduce unemployment and increase income
- (2) Increase the number of small and medium enterprises

- (3) Expand international trade

Notes:

- (1) Promote regional cooperation
- (2) Increase exchange of information with Japan or other Asian countries

### **Example 3. Compatible with the Aid Coordination**

Basic principles:

- (1) Pay utmost respect to the recipient country's own efforts
- (2) Support recipient country's poverty reduction efforts
- (3) Further promote the Aid Coordination

Response to the Aid Coordination:

- (1) Actively participate in dialogues between the government and donors
- (2) Increase inputs to pool funds
- (3) Pay utmost respect to local procedures

Priority sectors/issues:

- (1) Support agriculture, public financial management, poverty monitoring, road, and water sectors
- (2) In agriculture and water sectors, take leading roles in the coordination between the government and donors, and effectively support the planning and implementation of sector development
- (3) In public financial management, become a major actor, and provide maximum support in policy planning and personnel development
- (4) In poverty monitoring, actively support organizational and personnel reinforcement in data collection, analysis, organization, and disclosure
- (5) In the road sector, actively engage in institutional development, personnel training, and the construction of highways and local roads

Targets:

- (1) PRS indicators (e.g., rural income, school enrollment rate, and malaria contraction rate)
- (2) In agriculture, road, and water sectors, improvement of key indicators in each sector
- (3) Improvements in government's public financial management (e.g., budget compilation, fund distribution, and quality and timing of audit reports)
- (4) Amount of inputs to pool fund (clarify the scheduled amount or percentage in advance)

Notes:

- (1) Pay attention to the government's fiscal management ability
- (2) Take full advantage of the experience in Tanzania by publicizing the achievement in the Aid Coordination. Actively input Japan's views on the Aid Coordination, its cons and pros, into international discussions on that matter.

## **6 . Recommendations**

### **【Clarify the basic principles and strategy of the Program】**

#### **Recommendation 1. Ensure consistency with Tanzania's development strategy**

In order to make assistance truly effective and efficient, it is indispensable to respect the ownership of the recipient country and encourage their self-help. In this respect,

the next Program must be consistent with Tanzania's development strategies (e.g., MKUKUTA or JAS). In addition, it is critical to properly assess, while respecting Tanzania's ownership, their aid receiving system, organizational and personnel abilities, and to include in the new Program measures that strengthen such abilities.

### **Recommendation 2. Improve strategy**

In order to effectively use finite assistance resources, it is important to strategically plan the Program. Focus the assistance on selected sectors based on Japan's advantage (e.g., past experience, available modalities, Tanzania's expectations, and other donors' strategies). Identify concretely the sectors and issues that Japan considers important and, as indicated in the ODA Charter or the Mid-term Policy, set more general issues, and also prioritize the selected sectors and issues.

## **【Improve the Program composition, and planning and review processes of Program】**

### **Recommendation 3. Introduce indicators to Program**

Other donor countries often include a system of goals as qualitative indicators in their assistance programs. In the next Program for Tanzania, it is desirable to include, in addition to general concepts and directions, strategic targets with due consideration to the targets set by the recipient government. Those quantitatively- or qualitatively-measurable strategic targets should be set on a time line, and then clarify, to the extent possible, such aspects as the necessary inputs for achieving the targets within the designated time, specific method of achieving the targets, expected outputs, and outcomes. The following is an example.

(Example)

Overall target of Program: Poverty reduction through growth

Strategic target 1. Improve agricultural production and profitability

Indicators: Outputs of key agricultural products, ratio of producers' revenue in retail prices of products, etc.

Strategic target 2. Develop small and medium enterprises

Indicators: Number of small and medium companies, GDP components of services and manufacturing industries, etc.

Strategic target 3. Increase international trades

Indicators: Volumes of import and export (value and quantities, both import and export, and across different commodity types)

Strategic target 4. Improve quality of life

Indicators: MDG indicators such as primary education enrollment ratio, infant mortality rate, and maternal mortality rate

### **Recommendation 4. Shorten the preparation time of the Program, and Introduce regular Review Cycle or Interim Evaluation**

In light of the accelerating changes in the assistance environment in recent years, it is desirable to formulate the next Program within about one year. In addition, after formulating the plan, review the adequacy of the plan on a routine basis (e.g., once every six months) to promptly respond to changes in circumstances. A time frame of three years should be set to conduct a major review (evaluations or revisions).

Even if the plan is maintained for five years as it is now, an interim evaluation should be conducted two years after the Program is formulated. Such a system of periodic review for the Program is necessary.

### **【Clarify positions on the Aid Coordination】**

#### **Recommendation 5 . Clarify Japan's views and direction in the Aid Coordination**

The Aid Coordination which is now moving towards sector common basket funds and/or the general budget support should not be itself a goal of the Program. It is rather a means to achieve the objectives or targets of the Program. In this respect, it is necessary for Japan to clarify its basic policies on how it intends to address this issue. To be specific, Japan needs to present its basic principles on the coordination in policy, fund use, and procedural alignment. Japan also needs, on the basis of these principles, to elaborate how it intends to combine the priority sectors and issues. In implementation, Japan should make it clear if it intends to assume a leading role in particular sectors or issues, and whether it selects the general budget support, sector basket supports, or project supports. Furthermore, in preparing assistance programs for Tanzania and other countries where the Aid Coordination is being advanced, effort should be made to expand ODA schemes and modalities, and to adjust present schemes for more effective uses of resources, including the possibility of putting money in common funds. This also includes considerations of procedures, such as to what extent Japan will comply with Tanzania's methods for procurement, project management reports, and accounting reports.

### **【Improve assistance implementation system】**

#### **Recommendation 6. Strengthen the institutions, organizations, and personnel**

Systematic and organized strengthening of organizational and personnel capacity is important to effectively implement assistance and to properly address the Aid Coordination. At least, the members of the overseas task force and officers in charge of Tanzania at the Second Country Assistance Planning Division of the Ministry should be strengthened. Based on the selections and concentrations provided in the next Program, personnel should be assigned so that individual members of the task force is responsible for a single issue, and the officer in the Second Country Assistance Planning Division should be able to fully focus on Tanzania. As expansion of personnel would not be easy amidst the current trend that downsizing of the government is the urgent requirement, an increase of the number of officials is not the only answer. It is important to approach the problem flexibly, such as by collaborating with businesses or universities, using the Japan Overseas Cooperation Volunteers (JOCV) or interns, and improving knowledge and skills through education and training of existing staff.

#### **Recommendation 7 . Improve the efficiency and accelerate operation**

It is important to create an operational flow and mechanisms that allows changes of Tanzania's assistance environment or Tanzania's needs to be quickly reflected in the project activities. In order to make the operation more responsive, it is desirable to delegate some authorities to overseas offices, such as the embassy and JICA office. It would also be beneficial to expand the scope of discretion of the overseas task force,

to improve the flexibility of operational regulations, and to build a locally driven planning and implementation system. To be more specific, it is desirable to introduce results-oriented management in that the overseas offices prepare activity plans and the expected results in advance, and the Ministry in Tokyo will check the achievement of the results. Discretion may be given to the overseas offices or ODA task forces with respect to the use of budget up to certain amount of the expenses. Overseas offices should be allowed to select the contents and process for achievement to the extent that they achieve the expected results. This would allow the field officials more autonomy, and expedite and improve the efficiency of implementation. In addition, a greater use of local resources (experts and consultants) should be promoted. Such outsourcing of work should also contribute to improve work efficiency.

**Recommendation 8 . Fulfill accountability in a regular and systematic manner**

Accountability for assistance activities is not fulfilled only by a policy evaluation every five years. Publicizing selected successful cases does not fulfill accountability either. Recognizing the fore frontal nature of Tanzania's development assistance trends, it would be valuable to actively disclose Japan's experience in Tanzania, and publicize Japan's new efforts for the progress of effective ODA implementation.

**Recommendation 9 . Reinforce and Improve Information management**

After setting measurable targets and strategies for Tanzania assistance, it is important to collect and analyze relevant information and to build an information management system to allow stakeholders to easily share the information. Such a system would also help strengthen the functions of the overseas task forces. It is important to set indicators for the system that can be compared with those of other donors and international institutions. The information should periodically be collected.

**【 Evaluation Framework 】**

**Recommendation 10. Review the framework for evaluating assistance**

It appears that the current ODA Evaluation Guideline has much room for improvement. Given the expanding application of the New Public Management that has greatly altered the framework for public program evaluation and management, an evaluation expert group should continue to work on the Guideline and further improve the framework.