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Evaluation of the Tanzania-Norway Development Cooperation 1994-1997

April 1999

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A Report submitted to the Norwegian Ministry of Foreign Affairs by ECON Centre for Economic Analysis
in association with Economic and Social Research Foundation/Dar es Salam and
the Overseas Development Institute/London

The Ministry does not accept any responsibility for the information
in this report not the views expressed, which are solely those
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Abbreviations

ALAT	Association of Local Authorities of Tanzania
AMAP	Aid Management and Accountability Programme
ATE	Association of Tanzania Employers
ATTI	Appropriate Technology Training Institute
BAWATA	<i>Baraza la Wanawake Tanzania</i> – Women’s Council of Tanzania
BoP	Balance of Payment
CAWM	College for African Wildlife Management
CCM	<i>Chama Cha Mapinduzi</i> – the governing political party in Tanzania
CSRP	Civil Service Reform Programme
CTI	Confederation of Tanzania Industries
DAC	Development Assistance Committee (sub-committee of the OECD)
DANIDA	Danish Agency for Development Cooperation
EIA	Environmental Impact Assessment
ESRF	Economic and Social Research Foundation (Dar es Salaam)
FINNIDA	Finnish International Development Agency
GDP	Gross Domestic Product
GPA	Global Programme on Aids (WHO)
HIPC	Heavily Indebted Poor Countries
IDM	Institute of Development Management
JET	Journalists for the Environment of Tanzania
ILO	International Labour Organisation
IPC	Investment Promotion Centre, now Tanzania Investment Centre
KIDEP	Kigoma Integrated Development Programme
LGRP	Local Government Reform Programme
LO	Norwegian Federation of Trade Unions
MCDWAC	Ministry of Community Development, Women and Children
MFA	Royal Norwegian Ministry of Foreign Affairs

MoF	Ministry of Finance
MoU	Memorandum of Understanding
MoW	Ministry of Works
MNRT	Ministry of Natural Resources and Tourism, formerly Ministry of Tourism, Natural Resources and Environment
MUTAN	The Norwegian-Tanzanian Aids Project
NACP	National Aids Control Programme
NBC	National Bank of Commerce
NEAP	National Environmental Action Plan
NEC	National Election Commission
NEMC	National Environmental Management Council
NETF	National Education Trust Fund
NGO	Non-Governmental Organisation
NHO	Norwegian Federation of Business and Industry
NOK	Norwegian 'krone' (USD 1 approx. equal to NOK 7.50, January 1999)
NORAD	Norway's Agency for Development Cooperation
NPRA	Norwegian Public Roads Administration
NUFU	National Committee for Development-related Research and Education (Norway)
ODI	Overseas Development Institute (London)
OECD	Organisation for Economic Cooperation and Development
OTTU	Organisation of Tanzania Trade Unions
PATA	Publishers' Association of Tanzania
PBWB	Pangani Basin Water Board
PER	Public Expenditure Review
PFP	Policy Framework Paper
PRIDE	Promotion of Rural Initiatives and Development Enterprises
PSRP	Para-statal Sector Reform Programme
REDI	Regional Enterprise Development Institute
RUDEP	Rukwa Integrated Development Programme

RUREL	Rural Electrification Project (Zanzibar)
SADC	Southern African Development Community
SAP	Structural Adjustment Programme
Sida	Swedish International Development Cooperation Agency
SSRP	Social Sector Reform Programme
SUA	Sokoine University of Agriculture
TCCIA	Tanzania Chamber of Commerce, Industry and Agriculture
TFTU	Tanzania Federation of Free Trade Unions
TIC	Tanzania Investment Centre
TPDC	Tanzania Petroleum Development Corporation
TRA	Tanzania Revenue Authority
TSH	Tanzanian shilling (USD 1 approx. equal to TSH 680, January 1999)
UDSM	University of Dar es Salaam
UiB	University in Bergen
UNDP	United Nations Development Programme
UNICEF	United Nations Children Fund
UNFPA	United Nations Population Fund
USAID	United States Agency for International Development
USD	United States Dollar
VTTP	Village Travel and Transport Project
WID	Women in Development
WLAC	Women's Legal Aid Council

1 Executive Summary

The Governments of Tanzania and Norway signed a Memorandum of Understanding, MoU, regarding the development cooperation between the two countries on 21 October 1994 (see Annex 2). The MoU was to cover the four years 1994-1997. It presents the objectives and strategy for the development cooperation, where the overarching goal was defined to be "the promotion of a sustainable economy that is not dependent on development assistance." It goes on to note that "Cooperation in the coming period will primarily be focused on implementation of the reform process with a view to strengthening the foundation for a sustainable political and economic development, achieving a better mobilisation of Tanzania's own resources and thereby reducing the dependency on external resources." During the four years in question, Norway disbursed around NOK 1,400 million in support of about 300 different activities.

In 1998, Norway's Ministry of Foreign Affairs commissioned an evaluation of the development cooperation during this period. The mandate for the evaluation (see Annex 1) states that "The main purpose is a systematic assessment of the results and experiences derived from the total development cooperation ... and whether the degree to which the goals were achieved, is in reasonable proportion to the use of resources. An additional purpose is to assess whether the Country Strategy documents ... have proved to be a suitable instrument for steering and reference purposes during the period..."

ECON Centre for Economic Analysis in Oslo, in collaboration with the Economic and Social Research Foundation in Dar es Salaam and the Overseas Development Institute in London were awarded the evaluation task.

Economic and Political Developments

Tanzania remains one of the world's poorest and most aid dependent countries. Since the mid-1980s, it has undertaken a major economic liberalisation process, which has been followed by the introduction of multi-party politics in the early 1990s. The first set of reforms removed policy-based constraints to more competitive and open economic and political markets. The subsequent reforms of restructuring the public sector by decentralising tasks and resources to lower administrative levels while focusing central government on core tasks of basic social service provision and regulatory and oversight functions, is moving much slower. One reason is the resistance to change that exists within parts of public administration, some of this linked to the serious problem of corruption.

While the new government that came to power early 1996 took some vigorous steps to address the corruption issue, there has lately been a let-up in these efforts.

Norwegian assistance was to support economic and political development. There have been improvements, though less than expected, so while framework conditions for external assistance are better, remaining constraints hamper impact. Despite an improved economy, aid dependency remains high, and while trends are in the right direction, changes are fragile and subject to reversals.

Norwegian Assistance

During 1994-97, annual disbursements have been around NOK 350 million. Compared with previous periods, there has been a rapid decline in import support, and more has been channelled through framework agreements in the roads, energy, higher education and natural resources management sectors.

Norwegian assistance is characterised by an extreme fragmentation, however. Financing has come from 20 different allocations in Norway's budget, spread across a wide variety of sectors, with an average of about 150 different activities each year. Most of this is due to political decision-makers in Norway wishing to pursue many different goals simultaneously. This, however, leads to a number of negative outcomes: the principle of recipient responsibility is structurally undermined; Norwegian resources are so scattered that the administrative costs become very high and impact and cost-effectiveness lowered; the programming skills available to Norwegian aid administration are diverted from pro-active issues management to problem-solving and bureaucratic chores.

General Development Support

As part of the strategy, Norway moved resources away from general balance of payments support, due to the mismanagement of external financing. Norway instead provided debt relief financing, which is seen as both highly relevant and cost-effective, and more sector support. The *economic* arguments in favour of this shift are found to be weak, though the *political* signal effect was important.

The support to macro-economic, private sector and political development has been uneven. The development of the macro-economic model MACMOD is seen as successful, whereas the co-financing with UNDP of external aid management was not. Private sector development has largely been to Norwegian

businesses, where most has been funding of equipment and supplies to the energy and roads sector. While this has been positive for Tanzania's efforts at developing its modern sector, there are also distortionary impacts that undermine the development of local businesses. Support to *local* industry using Norwegian firms has been characterised by non-sustainable outcomes. Support for micro-finance through PRIDE has led to a dedicated and professional organisation, though long-run viability remains a problem. Dialogue and collaboration with indigenous interest organisations has been neglected, though the labour unions in Norway and Tanzania seem to have established a good working relationship.

Most of Norway's aid to political development has been for elections and formal multi-party system. There has been little dialogue with other legitimate interest groups in civil society, contrary to the intentions in the MoU. This is in part due to the complexity and time-intensive nature of such work, and where the fragmented Norwegian programme has left few resources available for this critical work.

Sector Support

Most of Norwegian financial support has gone to the energy and roads sectors. Both sectors now have sector-wide agreements that include all the Norwegian-funded activities. This has clearly improved the overall cost-effectiveness and impact of this collaboration. In the social sectors, focus has been on higher education, where there are notable improvements due to the framework agreements that have been established. The impact of this cooperation is questioned, as the social returns to higher education are lower and accrue exclusively to the better-off social groups compared with assistance to primary education. Cost-effectiveness is poor, and while institutional sustainability has improved, financial sustainability has not changed much.

In the field of natural resources management, Norway is the single largest donor. The two parties have been quite successful in designing and implementing a programme that covers institutional as well as organisational aspects, provides assistance to key large-scale activities including community mobilisation as well as small-scale support to NGOs that carry out informational and advocacy work. Environmental impact assessments are not yet being used systematically, however, and the technical quality of this work needs to be improved.

Crosscutting Issues

Norway's country strategy contained an ambitious agenda with a number of crosscutting issues that were to be pursued. These included the principle of recipi-

ent responsibility, which has been undercut by Norway splitting up its assistance in many small funding programmes and dispersing it across many sectors. There has, however, been improved focus of Norwegian assistance *within* the sectors. Norway has actively promoted aid co-ordination, including being active in the "Nordic initiative", though it has been cautious in taking on direct responsibilities.

The focus on *institutional* development in the strategy is seen as highly appropriate, but follow-up has been more at the level of *organisational* development. More attention has been given to supporting local NGOs and gender development, and at the policy level outcomes have been notable. Impact at the ground level has been more variable, as in the field of gender in particular follow-through has not been systematic and good enough.

Too much time has been spent on accounting and reporting issues as compared to programming and dialogue. This has reduced resources available for appraisal, monitoring, assessments and feedback, which should be strengthened. Included here is the need for more careful exit strategies, which has been a weak part of Norway's collaboration. Overall, the impact and relevance of Norway's assistance has improved but could have been even better if resources had been more focused.

Results Evaluation

The Norwegian programme during the period was excessively complex. To carry out an activity assessment, nearly 90 activities representing 90% of disbursements were looked at. A total of 19 dimensions were included, due to all the issues that the Norwegian programme in principle should cover, generating a results matrix containing 1,800 cells. A ratings scheme for the activities was used, and of the 90 activities, 67 were given an overall rating, representing 85% of all disbursements. Of these, nine were rated as "excellent" and 45 "good", while eleven were considered "poor" and two were failures. While this is a positive assessment, it does not provide the full picture of the co-operation programme because along several non-project aspects performance was not considered successful.

The results matrix itself was found to be helpful for monitoring changes over time, but only if it is drastically reduced both in terms of number of activities and monitorable indicators.

Country Strategy Documents

The MoU that was signed by both parties was driven by a Norwegian agenda, and had little policy input from the Tanzanian partner. The Tanzanians seem to

have taken a pragmatic view of the MoU as a useful starting point for the annual bilateral consultations. On the Norwegian side, the MoU has helped shift the attention towards institutional and political development dimensions. Political management in Oslo has imposed additional dimensions in the cooperation programme without at the same time suggesting areas that could be reduced in importance. This has blurred the programme's focus further.

While this evaluation is not to assess the *content* of the strategy itself, two problems with the *design* of the strategy had consequences for the ability to evaluate results. In the first place, while the process approach of the objective of the strategy was seen as positive – that Norwegian assistance was to support Tanzanian transformation processes – the lack of a more clearly targeted *outcome* has made it difficult to evaluate the impact. The second problem was the lack of a clear link between the analysis of the problems that Tanzania is facing, and the choice of areas for Norwegian development cooperation. This means that when looking at the *overall* relevance of Norwegian assistance, it is difficult to say anything unambiguous about this.

Conclusions

Tanzania remains one of the poorest and most difficult countries to work in. Economic and political conditions have improved, but not as much as expected. The sectors where Norwegian cooperation is most important have by and large exhibited continuous advances. Norwegian *sector* support is therefore by and large quite satisfactory. But efforts to support political development, improved public administration and various public sector reform efforts have fallen short of intentions, and the critical area of assisting the mobilisation of local resources has also not achieved much.

At the same time, however, the assistance has been re-directed towards areas that are to improve the framework conditions for both the public and private sectors. These are highly relevant shifts, but also very demanding politically and of own staff time. They require focus and sustained attention to pay off. The fragmentation of the programme by Norwegian decision-makers and the slow-down in political reforms in Tanzania combine to reduce the impact that the Tanzania-Norway development cooperation otherwise could have attained.

2 Introduction and Background

The Ministry of Foreign Affairs commissioned an evaluation of the development cooperation between Tanzania and Norway for the period 1994-1997. The mandate for the evaluation is comprehensive, asking for a systematic assessment of the results and experiences from the total development cooperation during the period. This is to cover issues at the societal level such as changes to aid dependency and economic sustainability, as well as principles for the cooperation such as recipient responsibility. The evaluation should review results of subsidiary goals at sector levels, and review volume and channels of development assistance. Finally, the evaluation was to assess whether the country strategy documents were useful as steering and reference documents, and to what extent they had been followed during the period. If there were discrepancies between the strategy and the actual programme implemented, the causes for this were to be discussed. The Mandate is attached as Annex 1.

ECON, Oslo, in collaboration with the Economic and Social Research Foundation, ESRF, in Dar es Salaam and the Overseas Development Institute, ODI, in London, were asked to carry out the evaluation. It was to be primarily a desk study, using the existing documentation both in Oslo and at the Embassy in Dar es Salaam, supplemented by interviews with key informants in Norway and Tanzania. The contract between the Ministry of Foreign Affairs and ECON for the evaluation was signed on 24 November 1998.

Memorandum of Understanding

The point of departure is the two strategy documents, the formal Country Strategy document, and the Memorandum of Understanding, MoU. The Ministry had a Country Strategy document prepared that constitutes the formal position paper of the Government of Norway with respect to cooperation with Tanzania. From this, an MoU was produced that Tanzania and Norway signed on 21 October 1994. It consists of a formal five-page Memorandum plus a 16-page summary of the operational part of the Country Strategy document (attached as Annex 2).

Methodology

The literature review in Oslo covered the central archives of NORAD, relevant documentation in the Ministry of Foreign Affairs, and NORAD's documentation centre. Apart from material directly related to the activities, the team also reviewed literature dealing with aid in Tanzania (see Annex 4). In addition, interviews with key personnel in the Ministry and NORAD were carried out.

Based on this work, an Inception Report was prepared and handed over to the Ministry on December 14. During the week of December 14-19, two team members from ESRF visited ECON to work on the economic and political analyses, and to prepare the fieldwork. A member of the ODI team spent two days in Oslo towards the end of that same week. Together with the team leader, these three participated in the seminar on the Inception Report hosted by the Ministry of Foreign Affairs on December 18. Four staff from the Ministry and four from NORAD, including the Minister Counsellor of the Dar es Salaam Embassy, provided feedback to the team on methodology and first findings.

An evaluation team consisting of four external and four Tanzanian consultants spent January 6-20 in Tanzania. The first days were used reviewing the archives at the Embassy, which are much more complete than the ones in Oslo. In addition, meetings were held with Government officials, donor representatives, academics, key informants in the NGO and private sector, and officials at the Embassy (the list of persons interviewed is given in Annex 3). A few visits to institutions and informants outside Dar es Salaam were undertaken, but since the evaluation was not to generate any new primary data, these visits were kept to a minimum.

At the end of the field visit, a meeting was held with Embassy staff, presenting the preliminary findings of the work, and receiving comments from staff on the overall report as well as more detailed observations on more specific issues.

The Report

The development cooperation between Tanzania and Norway stretches back more than 35 years, and is by far the most extensive that Norway has had. During the four years 1994-1997, more than NOK 1,400 million – over USD 200 million – were disbursed, in some cases continuing activities that began 20 or more years ago. Given the mandate and the resources available, however, the evaluation had to focus on the material generated during the four-year period in question.

Another shortcoming is the desk-study nature of the evaluation. While there is considerable written material, most of this has been documentation generated by staff involved in the activities. The number of independent reviews and evaluations – which ought to have formed the basis for the study – seem few when compared to the size of the programme. There has been no way for the team to generate further information in those areas where external reviews were lacking. Inter-

views have therefore been important to fill in the holes, but the subjective memories of stakeholders have therefore perhaps been accorded too much weight compared to the role that more independent reviews should have taken.

The mandate for the evaluation requires that a wide range of issues be addressed. A key challenge has thus been how to structure the analysis and the report. The choice has been to focus on systemic and programme dimensions rather than individual activities. The report generally presents the many issues through a headline statement of topic and main finding, followed by a brief argument, usually not more than three paragraphs. Due to this and the overall need for brevity, full justice has clearly not been done to the range of activities and the wealth of experiences the cooperation has generated.

Chapter 3 reviews Tanzania's economic and political developments during the period, highlighting the new opportunities and the remaining constraints faced by external development partners like Norway. Chapter 4 reviews the size and structure of Norwegian financial assistance, and the implications for impact and efficiency in general, while chapters 5 and 6 look at how Norwegian assistance has been used at the macro-economic level and in the key sectors. The role of changing framework conditions for the collaboration is highlighted, including the part Norway played in contributing to these changes.

Chapter 7 reviews the crosscutting issues that have been important to Norwegian support, ranging from the principles of recipient responsibility and co-ordination, through gender, institutional development, and monitoring and impact of the cooperation. Chapter 8 looks at results at the activity level, noting the difficulties of monitoring such a vast programme containing so many objectives, while also presenting some possibilities for continuous monitoring. Chapter 9 looks at the use of the country strategy documents, and discusses issues surrounding their utility as well as the deviations from the intended strategy that have occurred, while the last chapter summarises the conclusions, and some lessons learned.

The Evaluation Team

The evaluation team consisted of Arne Disch (ECON, team leader), Haji Hatibu Semboja (ESRF/Tanzania team coordinator - economic development and infrastructure), Andrew Kiondo (ESRF/UDSM - political development and civil society), Mary Rusimbi (ESRF/Tanzania Gender Networking Programme - gender), George Jambiya (ESRF/UDSM - natural resources management and environment), Per Schreiner (ECON - economic and private sector development), Roger Riddell (ODI - crosscutting issues), and Stein Erik Kruse (Centre for Partnership in Development - human resources and institutional development).

In addition, staff from the three institutions and outside expertise were used as resource persons: Tony Killick (ODI - macro-economics and aid dependency), Dag Aarnes (ECON - general), Samuel Wangwe (ESRF - general), Janne Lexow (NCG - gender) and Vibecke Kubberud (NCG - gender).

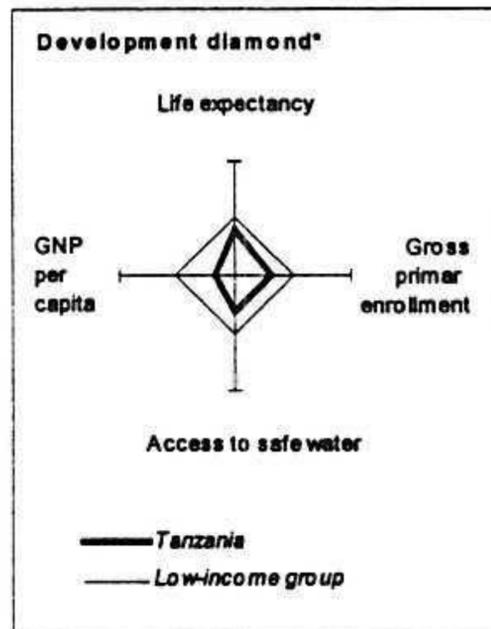
Acknowledgements

As usual with such undertakings that are to cover a vast amount of material in a short period of time, the team was totally dependent on the assistance from numerous people in both countries. The team is sincerely grateful to all those it came in touch with, who without exception were extremely open, helpful and constructive. The team is painfully aware of the time that extremely busy people had to set aside to attend to the requests, large and small, from the various team members. Evaluations, as backward looking exercises, are always an interruption in the harried daily lives of those who are working hard to make external resources have greater impact and be used in a more cost-effective matter. We are particularly grateful to Tanzanian officials, who throughout the year have to deal with numerous identification, monitoring and evaluation missions who come flying in, demand intensive attention during a short period of time, and then disappear only to be replaced by another team asking similar questions. It is our sincere hope that some positive lessons can be learned from this evaluation that can justify the use of their time. Last but not least, a special word of thanks to the Embassy staff in Dar es Salaam, who from the receptionists, the administration, programme staff and up to the Ambassador all went out of their way to make our stay productive and enjoyable.

Tanzania at a glance

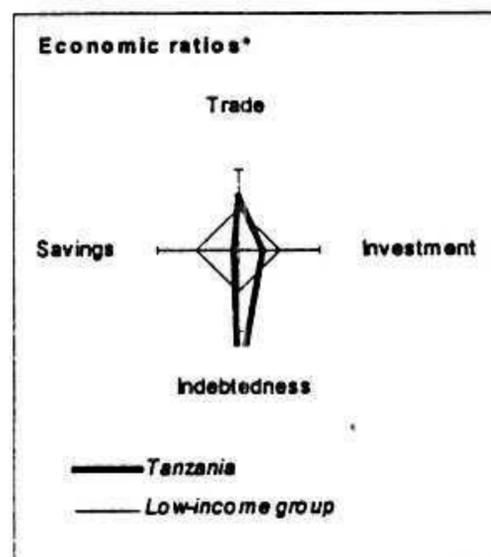
POVERTY and SOCIAL

	Tanzania	Sub-Saharan Africa	Low-income
Population mid-1996 (millions)	30,5	596	3 236
GNP per capita 1996 (US\$)	170	490	490
GNP 1996 (US\$ billions)	5,2	295	1 597
Average annual growth, 1990-96			
Population (%)	3,0	2,7	1,8
Labor force (%)	2,8	2,8	1,7
Most recent estimate (latest year available since 1990)			
Poverty: national headcount index (% of population)	51
Urban population (% of total population)	25	32	29
Life expectancy at birth (years)	50	52	63
Infant mortality (per 1,000 live births)	88	91	68
Child malnutrition (% of children under 5)	29	..	43
Access to safe water (% of population)	49	45	76
Illiteracy (% of population age 15+)	32	44	34
Gross primary enrollment (% of school-age population)	67	75	107
Male	68	82	112
Female	66	67	102



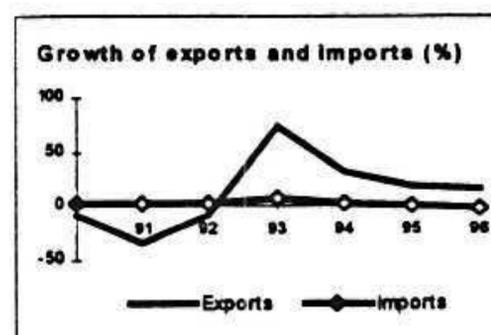
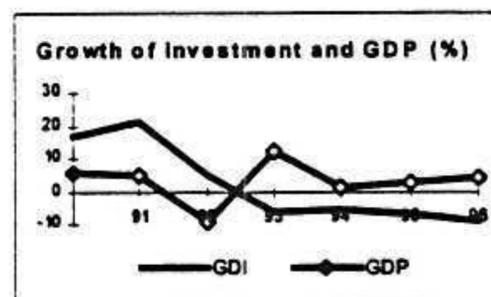
KEY ECONOMIC RATIOS and LONG-TERM TRENDS

	1975	1985	1995	1996
GDP (US\$ billions)	5,0	5,8
Gross domestic investment/GDP	21,9	18,0
Exports of goods and services/GDP	20,5	21,5
Gross domestic savings/GDP	0,0	3,4
Gross national savings/GDP	-2,3	1,8
Current account balance/GDP	-24,4	-15,8
Interest payments/GDP	1,6	1,7
Total debt/GDP	149,8	127,0
Total debt service/exports	..	39,0	20,8	18,7
Present value of debt/GNP	114,0
Present value of debt/exports	499,0
(average annual growth)				
GDP	..	2,7	2,6	4,1
GNP per capita	..	-0,2	0,2	1,7
Exports of goods and services	..	9,7	18,0	17,1



STRUCTURE of the ECONOMY

	1975	1985	1995	1996
(% of GDP)				
Agriculture	46,2	47,6
Industry	21,7	21,2
Manufacturing	7,3	7,3
Services	32,1	31,2
Private consumption	83,9	83,4
General government consumption	18,1	13,2
Imports of goods and services	42,4	38,2
(average annual growth)				
Agriculture	..	3,4	4,0	4,8
Industry	..	1,9	0,8	2,5
Manufacturing	0,7	3,2
Services	..	2,1	1,3	3,2
Private consumption	..	2,9	3,0	4,4
General government consumption	..	-2,2	-7,9	-12,2
Gross domestic investment	..	1,1	-6,8	-9,1
Imports of goods and services	..	3,1	0,8	-1,1
Gross national product	..	2,9	3,2	4,6



World Development Indicators 1996 CD-ROM, World Bank

Notes: Figures in *italics* are for years other than those specified. The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.

3 Development and Aid Dependence

The main objective of Norway's assistance to Tanzania was to support the development of a sustainable economy with reduced aid dependence. In order to assess whether Norwegian aid has contributed to this, it is therefore first necessary to review Tanzania's performance with regards to the economic and political transformation processes and the outcomes of these during the 1994-1997 period.

3.1 Economic Developments 1994-1997

During the 35 years of its existence, Tanzania has been able to maintain territorial integrity, political stability, and legitimacy of the state to a degree that is largely unmatched in Africa. The country has therefore established important framework conditions for sustainable socio-economic growth and development. Yet Tanzania remains one of the poorest countries in the world, with an estimated GDP *per capita* of around USD 235 in 1997¹. GDP growth *per capita* was on average close to a negative one percent a year during the 15-year period 1976-1990, though, and as can be seen from the first "development diamond" on page 13, Tanzania is doing considerably worse in some key areas than other low-income countries. While life expectancy is about average for the group, GNP *per capita* is only about one third of the other countries in this group.

Tanzania had achieved great improvements in social sectors during the first years after independence, but as the economy deteriorated, so did resource availability for health, education and other basic social services. This has led to stagnation or deterioration in key indicators: primary school enrolment and access to safe water has dropped and are now only two-thirds the levels of other low income countries.

Agriculture accounts for about half the country's GDP, and 80% of the population derives its livelihood from the land. According to World Bank figures, 51% of the population was estimated to be living below the poverty line in 1991, and 92% of these lived in the rural areas. This, however, was a significant improvement

compared with the situation eight years previously, when 65% were considered to be below the poverty line (World Bank 1997d). Given the weakness of the underlying data and the overall stagnation of the economy over the period, it is not clear if improvements could have been this dramatic, but there seems to be general agreement that some positive changes took place.

Structural Adjustment: First Generation Reforms Carried Out

In the early 1980s, Tanzania began to restructure its economy away from a public sector-driven one to a more market oriented economy. This process was accelerated and became both more systematic and comprehensive when the Bretton Woods institutions became involved with the introduction of the Economic Recovery Programme in 1986 and the Economic and Social Action Program in 1989. Restrictions on internal trade, including in agriculture, were removed to provide positive incentives to producers. External trade was liberalised with foreign exchange controls phased out, a market determined exchange rate regime introduced, exporting and importing procedures simplified and import duties simplified and made more transparent. The financial sector was opened up and interest rate policies freed to mobilise savings and make credit available to the private sector. Taxes were simplified and preparations to move to a value added tax, VAT, were made. Foreign investments were encouraged, and the public sector began pulling back from direct engagement in production through the privatisation or liquidation of para-statals.

Public Finance: Major Changes Required

During the second half of the 1980s, the push for reform led to improvements in public sector performance. This changed during the 1990s, however. While revenues remained fairly constant as a share of GDP, public expenditures grew rapidly, leading to an estimated budget deficit before grants of nearly 9% of GDP in 1994/95. This was financed in part by internal borrowings, so internal debt increased quickly with the servicing of this taking an ever-larger share of the public budget. A first round of civil service reform led to the reduction of about 50,000 posts on the payroll, but most of these were low-paid workers. These savings were used to pay for wage increases as part of the public sector pay reform, so the net effect on the budget was minimal.

Para-statals were draining the budget through direct transfers, tax exemptions, non-repayment of loans to the banking system, and non-payment of counter-value

1. The data provided in the "Basic Facts" section is from the World Bank's *World Development Indicators 1998*. These give a 1996 GDP/cap figure of only USD 170. In early 1997, Tanzania's Bureau of Statistics published revised national accounts and thus GDP estimates, based on better household and informal sector surveys. The adjustment policies had led to a more rapid growth in the sectors that were not well captured by the official data, which were geared to registering activities in the formal and parastatal sectors. They also reflected the reduced role of the public sector. The revised national accounts pushed the GDP figures considerably up, while investment and growth rates for the last years were adjusted somewhat downwards.

funds on imports. Nearly 2,000 donor-funded projects were at one point under implementation, representing an un-manageable investment programme. Donor financing of around one billion US dollars a year was equivalent to about 25% of GDP at the beginning of the 1990s, with aid dependency increasing substantially during the period (see table 3.5). The liberalisation of imports that had occurred at the prompting of the Bretton Woods institutions had as one of its effects that aid was financing an import-led consumer boom, with negative domestic saving in this period. In short, during the early 1990s donors saw that large-scale aid was producing scant returns in terms of economic performance.

Perhaps more seriously, donors felt there was a decline in the vigour with which the government was pursuing its stated programme of economic policy reforms. This included a serious loss of Treasury control over public expenditure and a growth in corruption within the public service. These factors led to a serious deterioration in relations between the donors and the government during 1993-95, aggravated by feelings on the Tanzanian side that donors were often unrealistic and patronising in their demands and excessively intrusive. This deterioration culminated in a rancorous Consultative Group meeting in February 1995, and a substantial withholding of programme aid. It also led to the formation of a 'Group of Independent Advisers' to examine donor-government relations. This group's report was critical of both donors and government (Helleiner et. al., 1995), and among other things criticised the government as too passive, displaying weak leadership and as suffering from "an aid-dependence syndrome".

Economic Structure: Slow Changes

While the economy looked set to accelerate its growth rate, the 1994-1997 period was largely a disappoint-

ment. *Per capita* growth was on average only 0.5%, though it has begun picking up again towards the end of the period. The growth of the economy has thus been positive but low. This would normally reflect an economy that lacks dynamism with slow changes to the structure of the economy itself. Table 3.1 to some extent bears this out, where the non-monetary part of the economy has retained its share of around 30% for the last ten years.

The share of agriculture in the economy overall has fallen, from almost 55% at the beginning of the decade to under 49% eight years later. Manufacturing has also fallen, losing about one-fifth of its GDP share. Energy use per capita – often a good proxy for the level of economic activity – has fallen: in 1980 it was 55 kg of oil equivalent, in 1994 only 34 kg. Transport, communications, finances and business services have grown considerably, but the largest increase in share of GDP is in public administration.

What is difficult to see from this table, is the extent to which the informal sector has grown. All information points to this being the fastest-growing part of the economy. The Bureau of Statistics believes it is now capturing most of this development in its new data series, but such shifts tend to be difficult to track properly, so official numbers will probably lag the actual transformations taking place. The overall picture is thus of an economy that is probably more dynamic than the aggregate growth figures would indicate. The changes, however, have not been in the traditional "engines of growth" of industrial production and agricultural exports, but in more service-intensive and informal sectors. While this may not generate the same aggregate growth figures, it is presumably a fairly labour intensive growth path that is quite appropriate to Tanzania's situation of an abundance of inexpensive labour.

Table 3.1 Sector Composition of GDP, Monetary and Non-Monetary

Monetary	1986	1988	1990	1992	1994	1995	1996	1997
Agriculture	31,9 %	29,7 %	25,7 %	26,6 %	24,9 %	26,7 %	27,0 %	25,4 %
Mining	0,5 %	0,8 %	0,9 %	1,1 %	1,2 %	1,3 %	1,1 %	1,2 %
Manufacturing	8,8 %	7,7 %	9,3 %	8,2 %	7,4 %	7,2 %	7,4 %	6,9 %
Electricity and Water	1,2 %	0,8 %	1,5 %	1,5 %	1,8 %	2,2 %	1,9 %	1,7 %
Construction	2,1 %	3,7 %	5,1 %	4,5 %	3,7 %	3,0 %	2,9 %	3,5 %
Trade, hotels	14,2 %	14,4 %	15,9 %	15,8 %	15,0 %	14,9 %	14,3 %	13,1 %
Trsp, communication	3,1 %	3,7 %	5,4 %	5,2 %	6,2 %	5,7 %	5,6 %	5,1 %
Financial, business services	3,8 %	6,2 %	8,0 %	5,7 %	7,2 %	6,1 %	6,1 %	5,8 %
Public admin, other services	7,0 %	7,6 %	8,4 %	9,2 %	9,6 %	9,1 %	8,7 %	10,6 %
Less financial services	-2,6 %	-5,5 %	-6,3 %	-4,5 %	-5,4 %	-4,1 %	-4,0 %	-3,2 %
Total monetary GDP	70,0 %	69,1 %	73,9 %	73,3 %	71,6 %	72,1 %	71,0 %	70,1 %
Non-monetary								
Agriculture	23,3 %	24,9 %	20,2 %	21,4 %	20,0 %	20,5 %	21,0 %	21,4 %
Construction	1,0 %	0,9 %	0,9 %	0,9 %	0,9 %	0,9 %	0,9 %	0,9 %
Owner-occupied dwellings	5,7 %	5,2 %	5,0 %	4,4 %	7,4 %	6,5 %	7,0 %	7,5 %
Total non-monetary GDP	30,0 %	31,0 %	26,1 %	26,7 %	28,3 %	27,9 %	28,9 %	29,8 %

Source: Bureau of Statistics

External Balances: Positive Changes

Export performance has been very positive, with exports more than doubling from 1991 through 1997. Imports over that same period grew by only a little over 20%. The trade deficit has thus been sharply reduced, from a peak level equivalent to 30% of GDP in 1992 to little more than half that level in 1997. The deficit, however, remains substantial, as table 3.2 shows 1997 trade deficit of nearly USD 840 million.

Non-traditional exports have shown positive growth, reflecting a good response to the more open trade

regime that was introduced. The structure of trading partners is also changing: while the ten most important importers of Tanzanian goods took about two-thirds of the country's commodity exports in 1990, this share had fallen to just over half in 1997. Furthermore, of the ten most important partners in 1990, only seven remained on that list in 1997. The three newcomers were Asian economies – India, Indonesia and China. This diversification is thus positive - though the 1998 Asian "crisis" may change trading patterns back to more traditional ties with OECD economies.

Table 3.2 External Balances, 1991-1997, USD million

	1991	1992	1993	1994	1995*	1996*	1997*
Exports, total	528,1	548,6	610,5	848,0	940,5	1 017,3	1 083,5
Commodities	393,6	414,1	411,4	485,9	592,9	658,0	696,1
Imports, total	1 569,3	1 885,0	2 017,2	2 241,7	1 817,6	1 870,6	1 921,3
Commodities	1 174,1	1 227,7	1 250,9	1 351,9	1 283,2	1 317,9	1 341,9
Resource balance	-1 041,2	-1 336,4	-1 406,7	-1 393,7	-877,1	-853,3	-837,8
Net private FDI	10,0	15,0	61,7	63,0	67,3	70,0	75,0

* Estimates

Source: World Bank 1997d.

External Debt: Becoming More Manageable

Tanzania's external debt represents a heavy burden on the economy. Total external debt commitments at the end of 1997 were almost USD 8 billion, with an annual debt servicing cost of around USD 200 million. External debt has not increased more than about 5% during the 1992-1997 period, however, reflecting a prudent policy on the side of the government of not

taking on non-concessional debt while donors have shifted their assistance from loans to grants. A series of debt restructurings on favourable terms has also reduced the net present value of the debt. The domestic debt that was growing quickly during the early 1990s is being reduced with the establishment of a primary budget surplus. Lower domestic interest rates have also cut the interest costs on this debt.

Table 3.3 External Debt, 1992-1997, USD million

Item	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98
<i>Total debt committed</i>	7 455,10	8 011,40	8 440,70	7 793,40	8 033,80	7 846,70
Disbursed	6 208,80	6 427,10	6 917,50	6 496,20	6 535,00	6 379,70
Undisbursed	1 246,30	1 584,30	1 523,20	1 297,20	1 498,80	1 467,00
<i>Disbursed debt by creditor:</i>	6 208,80	6 427,10	6 917,50	6 496,20	6 535,00	6 379,70
Bilateral	3 374,68	3 283,02	3 426,26	3 009,44	2 941,17	2 794,60
Multilateral	2 433,99	2 724,09	3 022,39	3 008,39	3 130,06	3 094,60
Commercial	171,27	188,77	226,69	239,56	233,38	291,54
	228,86	231,22	242,16	238,81	230,39	198,96
<i>By borrower category:</i>						
Central government	5 889,90	6 077,10	6 523,00	6 093,00	6 140,90	5 940,40
Public corporations	221,10	215,40	220,50	205,20	196,30	175,40
Private sector	97,80	134,60	174,00	198,00	197,80	253,90
<i>Total debt services:</i>	204,50	205,90	180,10	212,00	218,70	204,62
Principal	125,90	118,40	115,60	140,10	122,60	138,02
Interest	78,60	87,10	61,70	71,80	95,50	66,40
<i>Total debt service, % of goods & services exports</i>	31,41 %	21,87 %	16,53 %	17,34 %	17,48 %	15,48 %

Source: World Bank (1997b)

One noticeable trend is that the multilateral debt has grown faster than the bilateral. The Bretton Woods institutions along with the African Development Bank today hold over 48% of the debt compared with only 39% five years earlier.

Due to the debt restructurings and the positive export performance, the debt-servicing burden is not as crushing as for some other countries like Mozambique. The ratio of debt servicing to total exports has fallen from over 31% in 1992 to just over 15% five years later. Tanzania has qualified for the Highly Indebted Poor Countries, HIPC, initiative. This has more to do with the fact that debt servicing is crowding out priority expenditures on the budget than due to the traditional external debt stock and flow criteria used for determining HIPC eligibility. In 1996/97, 38.2% of own revenues had to be spent on debt servicing, and around 33% in 1997/98.

Savings and Investment: Disappointing but slowly Improving

The data on saving and investment are not very encouraging. For the development of the economy to be sustained without excessive reliance on aid inflows, there must be substantial levels of investment financed either from domestic savings or by attracting private capital from overseas. Gross fixed capital formation as percentage of GDP has fallen slightly in recent years, however, from about 24.6% in 1994 to an estimated 19.5% in 1997, a development that does not bode well for sustainability. The improved growth has evidently been achieved through the more productive use of

existing resources - a welcome achievement but one which is not able to sustain satisfactory growth over the longer term. A particularly worrisome aspect of the investment record is that the private sector investment ratio is estimated by the government to have fallen between 1993/94 and 1996/97

Data on the domestic savings rate are weak, as it is the residual in the national accounts. Officially it has moved from a negative 12.3% in 1994 to about 18.8% in 1997, but the overall indicators of the economy do not tally with this rapid change. The data in the second "development diamond" also points to virtually zero savings, very low investments, very high debt but good export performance compared with other low-income countries.

Opportunities for doing business in Tanzania have improved considerably with the new Investment Act of 1997, the establishment of the Tanzania Investment Centre, more open macro-economic policies and the stimulation of the private sector. Despite all these efforts, private foreign investment only increased from USD 63 million in 1994 to about USD 75 million in 1997. This was equivalent to 7-8% of aid, pointing to Tanzania's continued reliance on foreign assistance. Reasons for this poor outcome include weak legal and regulatory frameworks, a poor taxation system, the lack of adequate physical and communication infrastructure, low levels of human and technology skills, bureaucratic procedures, and poor institutional business support.

Macro-economic Stability: Improving but Fragile

The new Banking Act of 1995 requires the Bank of Tanzania to focus on addressing inflation, which it has done with considerable success. While inflation in the fiscal year 1994/95 was almost 35%, by 1997/98 it had dropped to less than 15% and the underlying trend at the end of period was estimated at less than 7%.

Short-term lending rates, however, did not drop nearly as fast, going from 37% - just above inflation - to around 26% at the end of the period, while deposit rates fell from 32% to below 8%! The real interest rate spread thus increased considerably, reflecting an inefficient financial sector.

Financial Sector Restructuring: Moving Too Slow

The liberalisation of financial markets has led to a rapid growth in the number of actors. With the breaking up of the National Bank of Commerce, NBC, into two separate banks, Tanzania had 19 banks and nine non-bank financial institutions. Most of them have targeted particular niches in the Tanzanian economy and thus hardly compete against each other, and few have developed activities outside the capital. The NBC's poor loan portfolio is a major reason for the lack of competition. The NBC, which alone accounts for half the banking system deposits, needs a large interest rate spread to service its portfolio. The other banks are only too happy to let NBC be a price-setter and then skim the cream off their more narrow but lucrative segments in the banking market. The high interest rates on T-bills also means that there is limited need for the banks to aggressively identify bankable projects - they can earn good money simply holding bonds.

An economy in transition requires a dynamic financial sector. Without an efficient financial intermediary to grease the wheels, the 'frictional costs' of transformation become high, thus discouraging new investors. The lacklustre performance in this key sector will have to be addressed for Tanzania to move onto a higher growth path. Resolving the NBC conundrum is central to this.

Public Finances: Major Improvements

The government that assumed office early 1996 vigorously addressed the deterioration in public finances that had taken place during the early 1990s. A cash management system was put in place, creating 'hard' budget constraints for all public spending authorities. The budget balance was reduced from a deficit to an estimated surplus of 1.3% in 1996/97. Domestic debt

equivalent to 1% of GDP was retired. Revenues increased by 1.2% of GDP, reaching 13.9% of GDP.

The development budget is being restructured. The number of investment activities was reduced to around 1,300 in 1996/97 and 650 in 1997/98. A 'super core' containing about 125 projects of highest priority is defined where Tanzania is to be able to fund the recurrent costs itself. While only an estimated 30% of foreign aid was registered on the public budget in 1995/96, the government is working hard to improve this situation, though the major shift first occurred with the 1998/99 budget. Simplification of the tax structure has proceeded, as has the restructuring of public salaries through reducing the number of salary categories and benefits, making the personnel bill more transparent.

Para-statals have also been given hard budget constraints. Key actors like the railways and harbour authority are using performance management contracts, while the energy authority TANESCO has been able to adjust its tariffs in line with real costs, and pursue delinquent payers more vigorously. Cross debts among para-statals are being identified, where the expectation is that those that do not cancel out can be retired through non-budgetary means.

The Tanzania Revenue Authority, TRA, has a high degree of independence and a mandate to improve collection and broaden the tax base. Performance over the last couple of years points to solid improvements, including collection of arrears. Pre-shipment inspection has improved, and registration of foreign trade for customs clearance purposes is better.

Key institutions for improved public finance management - the Bank of Tanzania, the TRA - have therefore been revamped in line with market-oriented principles, providing important signals to the private sector both regarding the government's seriousness of reform, and with concrete performance improvements to point to.

Poverty: Unclear Record

While a number of steps have been taken to liberalise the economy, this may have benefited owners of capital and scarce human skills more than owners of land and simple labour. It is not clear, however, what the changes have been in terms of poverty reduction. Distributional outcomes of the growth process matter, because this forms an important dimension in the way the concept of *sustainable economic development* is usually understood in the Norwegian development debate, and thus part of what Norwegian aid is to support.

3.2 Political Developments

When Tanganyika and Zanzibar became independent in the early 1960s, they had multi-party political systems. In January 1964, Zanzibar experienced a violent political revolution that instituted a Revolutionary Council, and in April 1964, Tanganyika and Zanzibar united to form Tanzania. A year later, Tanzania adopted an interim constitution that introduced a single party political system.

Constitutional changes were introduced in May 1992 that led to the registration of twelve new political parties to compete with the ruling party, the *Chama Cha Mapinduzi*, CCM. The CCM managed the nature, pace and limits of the reforms, however, essentially establishing a limiting 'democratisation from above'. In addition to the multi-party system, the amendment created new rules for the State of Emergency, for the National Electoral Commission, and composition of the multi-party parliament. The Political Parties Act of 1992 gave the Registrar of Political Parties, a civil servant appointed by the President, unlimited powers in decisions pertaining to the registration of political parties. These limited reforms were adopted by the government after rejecting the bulk of the Report of the Presidential Commission on the Party System in Tanzania, the *Nyalali Report*. This report had recommended the change to multi-party system, but also a thirteen-step transition process that included, among other things, the formulation of a new constitution and a ten point summary of democratic defects that were to be corrected to achieve a full democratic transition.

Despite the limitations of the political reforms, five parliamentary by-elections were conducted under the new system between 1992 and 1994, and where one of the opposition parties – after considerable conflict – won one of the seats. More importantly, the political reforms led to the development of private/free media and the strengthening of elements of civil society.

Elections: Progress, but Flaws

The National Election Commission, NEC, was originally empowered to run the Presidential and parliamentary elections only, but in 1993 another constitutional amendment expanded its scope to cover local elections as well. The President appoints NEC's members without having to consult with the political parties, and they are accountable solely to him.

The lack of capacity for the NEC to administer the elections, and in some cases alleged political interference on the part of the ruling party, affected the elections. In Dar es Salaam, election results were suspended and fresh elections held. In other places, problems of insufficient ballot papers and extended voting

periods marred the process. But these weaknesses notwithstanding, about nine million people registered, equal to 81% of the estimated eligible voters. Four opposition parties emerged as key contenders and joined CCM in the first multi-party parliament. In the Presidential elections, the CCM candidate got 62% of the votes, while the leading contender received 28%. In the Parliamentary elections, due to the electoral system, CCM got 59% of the votes but 80% of the seats, while the largest opposition party got 22% of the votes but only 7% of the seats. In Zanzibar, the CCM officially beat the opposition party by a mere 0.5% of the votes. The outcome has been contested, with a political stalemate between the parties since then. NORAD and several other donors have as a result suspended all development assistance to Zanzibar till this issue has been solved.

Independent Media: The Real Opposition

The independent or private media have been a significant catalyst for political reforms. They have exposed cases of corruption, including illegal land sales and misappropriation of public funds. They provide information on current social debates within the multi-party context, giving voice to hitherto unheard views from the opposition, NGOs, etc. They educate the public about people's right and obligations and, above all, provide information that enable citizens to evaluate their leaders. For the first time sections within the media representing special interest groups have used the media to raise public awareness and mobilise mass support for their particular views. Examples include the Tanzania Media Women's Association concerned with women's and children's rights, and Journalists for the Environment of Tanzania, JET, on environmental concerns.

Independent media has a very recent history in Tanzania. The first post-colonial independent newspaper was first published in 1987, while ten years later the country had 104 newspapers. Total circulation is now estimated at 800,000, and though they are largely restricted to the urban areas, newspapers reach a significant share of the politically active population.

Radio and TV: Controlled Development

The government-owned Radio Tanzania Dar es Salaam and its sister radio station in Zanzibar had enjoyed a monopoly of broadcasting throughout the country. Today, major cities have their own radio stations: Dar es Salaam has three, Arusha two, and Mwanza one. The 1990s have also seen the emergence and expansion of TV stations. There are now two independent TV stations on Zanzibar, two large stations in Dar es Salaam plus twelve locally based cable stations throughout the country.

In spite of the many gains, the media operate within serious constraints. Journalists, editors and publishers have sometimes been harassed by arbitrary detentions and charges of sedition. Several newspapers have been de-registered because of allegedly publishing obscene materials or comical cartoons that ridicule officials. Radio and TV stations are by law limited in their coverage, as no independent radio or TV station is permitted to cover the entire country. One TV station tried to establish viewing centres in twelve regions in 1995, with the aim of eventually covering the whole country, but was forced to close down some of them and permitted to cover only 25% of the country. Despite such constraints, independent media are thriving, playing a key role in maintaining the pressure for reforms.

Trade Unions: Struggling to Establish Independence

During the single party period, trade unions were integrated into the party and government structures. With the political openings of the 1990s, the government and ruling party sought to create an umbrella organisation of workers that would replace the former party-controlled union. In 1991, the Tanzania Trade Union Act created the Organisation of Tanzania Trade Unions, OTTU, which became the only body allowed to represent workers in the country. The Act gives power to the President to de-register OTTU as a trade union through the Registrar of Trade Unions, and the Minister of Labour and Youth Development can close any OTTU branch at will. As such, OTTU was not a free or independent union.

Eleven independent trade unions were formed in 1995. They decided to side-step OTTU by forming the Tanzania Federation of Free Trade Unions, TFTU. The Federation and ten of the unions were denied registration. The TFTU has been aggressively lobbying the government to create new laws and repeal old ones that limit the freedom of association and the right to organise collective bargaining.

Next to the trade union movement is the co-operative union movement, whose role is to facilitate peasant organisation and mobilisation for defending their interests. The movement extricated itself from government structures through the 1991 Co-operatives Act, but to date it remains very weak.

NGOs: Rapid Growth, Wide Range of Concerns

The growth of the NGO community in Tanzania has been spectacular. While there were officially about 200 NGOs in the mid-1980s, the Registrar of Societies had listed nearly 8,400 by mid-1997. This unprecedented growth of civic organisations has made it possible for groups to assert themselves more forcefully. Some of these NGOs work together in coalitions to lobby for change, as in the case of the movement to

influence the Land Bill. Women's organisations, which make up the largest percentage of NGOs, have been especially active. Along with human rights organisations, they have been lobbying for legislation that would reform laws pertaining to inheritance, domestic violence, land reform, children's rights and child abuse. A harsh law that includes life imprisonment against rapists and child molesters was passed in 1998 as a response to this kind of lobbying.

Politics of Change: Conflicts State and Civic Organisations

The growing strength and influence of civil society has not been without conflicts. The government has sought in different ways to contain or control these developments. One set of targets has been NGOs that were mobilising people in support of certain demands or that worked with sections of the society to instil awareness of their rights. 30 NGOs of this type were de-registered by the end of June 1997 and 206 more received notification that they were slated for de-registration. This included one church whose leader associated with opposition leaders in the demand for a new constitution.

A well-known case is the government's efforts to de-register BAWATA, the Tanzania Women's Council. BAWATA was formed in July 1994 and registered a year later. With significant assistance from NORAD, BAWATA was able to gain a presence throughout the country within a very short period of time. It carried out policy advocacy on issues ranging from violence against women and sexual abuse of children, to improved social service delivery, inheritance laws, land ownership and girls' access to education.

In 1996, BAWATA had to suspend its activities. The reasons given were that the aims of the organisation were political, that it had similar structures to political parties, that it had branches at work places, and that the procedures for running the organisation were akin to mobilisation and sensitisation rather than being action-oriented. BAWATA was told to amend its constitution, which it immediately did. Nonetheless, the organisation was shortly de-registered. The case was taken to the High Court on the grounds that the government action was unconstitutional and in violation of international human rights conventions. The High Court has issued an injunction, allowing BAWATA to continue its activities until its case is heard. While the action of the government may give rise to concern, depending on how one views the substance of the case, this example also points to the growing possibilities of challenging what had earlier been a virtual monopoly on power and decision-making. This in itself is a significant development.

Corruption: The Cancer Lingers On

Corruption became an important issue before the general elections in 1995. As soon as President Mkapa assumed power, he established a presidential Commis-

sion of Enquiry on Corruption, headed by Justice Warioba. The Commission's report, popularly known as the "*Warioba Report*", was an important step towards checking corruption in the country.

Box 3.1 The Warioba Report

The Warioba Commission's report from December 1996 states that corruption has grown during the course of the 1990s. It was "accentuated by the close relationship between Government and Political Leaders...and corrupt businessmen...(and) was used to benefit the business interests of the corrupt businessmen...The people of Tanzania are very concerned by the growing corruption which is demanded by public servants in the lower ranks. The situation is so bad that the people have despaired and do not believe that they can receive any justice without giving bribes...the people have no confidence in the Law Enforcement Organs, especially the Judiciary and the Police." Corruption is rampant because of a "lack of leadership committed to its eradication...It is the ordinary citizen's belief that the existing leadership is condoning corruption....This situation has forced people to have no confidence in the present leadership and to recommend that in order to clean up the top ranks of leadership in Government and Parastatals and even political parties."

The Report distinguishes between two forms of corruption. The first is petty corruption involving bribes of people taken because of their low incomes and standards of living. It argues that this type of corruption "is rampant in all sectors of the economy and social services", including all major government ministries. The second form of corruption is called grand corruption and involves high level leaders and public servants, including politicians, national leaders including heads of parastatal boards, members of the executive of political parties, members of parliament. It states as evident that the greatest source of corruption is not the poor economy and low salaries but the laxity in leadership: "The Commission believes that in order to fight corruption, we must begin with the leadership. Specific steps to be taken should aim at ensuring that leaders conform with ethical standards making them collectively responsible instead of blaming each other; and removing unsuitable leaders; protecting good leaders; and building a culture of transparency and accountability."

The Report recommends that the President should direct all the state organs of defence and security to hand over to him reports on all leaders who are being accused of corruption with a view to taking action against them. In the interim the President should set up a special unit to investigate and take to courts of law all those who have cases to answer. The President should issue an explicit directive to all leaders to take explicit steps to fight corruption and corrupt elements in their respective areas of jurisdiction over a period of six months. The Anti-Corruption Law should provide for procedures whereby its reports on steps taken to fight corruption over a period of 12 months be tabled in Parliament for deliberation.

It provided a strong signal that the government was serious about the problem. It also provided a wealth of concrete information about the nature and extent of the problem, much of it of great embarrassment to the government. A key decision by the President was to make the entire report public, where it was serialised in local newspapers.

The follow-up to the Warioba Report has been less satisfactory. Justice Warioba has been asked to head the commission that is to implement the recommendations, but these activities are to be confidential. What started as an open, transparent exercise against corruption has now turned into a state security affair. A general impression is that the fight against corruption has lost considerable momentum, and that the important barriers to socio-economic development that this represents largely remain in place.

3.3 Public Sector Reform and Decentralisation

Tanzania has experimented with public sector reform and decentralisation for over 30 years. The *need* for decentralisation has usually come from changes in the socio-political and economic conditions. Political interests at the centre have largely determined the actual direction and content of the changes, however. Despite the participatory goals of the 1967 Arusha Declaration, for example, decentralisation in 1972 proved to be a move towards greater centralisation, as local governments were replaced by an extension of the central civil service at the regional and district levels under the direction of the Prime Minister's Office.

The government designed two public sector reform programmes to accompany the economic and political reforms. The first one, comprising *civil service* and

local government reforms, focused on restructuring and decentralising public functions covering central/local relationships, finance, human resource management and empowerment of civil society through local institutions and civil society organisations. The second one, covering *para-statal sector* and *social sector* reforms, concentrated on the role and autonomy of the government in the areas of economics and social service delivery

Civil Service Reform Programme, CSRP

The CSRP was officially launched in July 1991. The main objectives were a gradual withdrawal of the government from direct production and management of the economy, a reduction of the role and functions of the government to affordable levels, enhancing the participation of NGOs and the private sector in the delivery of goods and social services, and expanding and strengthening of democratic institutions and promotion of good governance.

The main achievements between 1992 and 1997 were the rationalisation of ministerial structures, reducing the number of ministerial divisions by 25%, while the government labour force shrunk from 355,000 to 270,000. The bulk of the public service is now found in the social services, police force and local government. Employment in the traditional civil service has been reduced to 50,000. Civil service pay structures have been rationalised: the number of pay grades has been reduced from 196 to 45, and 36 allowances have been reduced to seven. Control of the civil service wage bill has been restored, as wage bill expenditures exceeded the budget by 40% in 1994/95 but by only 2% 1996/97.

While a number of important steps have been taken, the difficult changes that are required to get a focused and better quality public service still lie ahead. Identifying what are the core responsibilities of the state, how to provide better value for money and improve the capacity of the public service are the main objectives of the follow-on Public Service Reform Programme, PSRP, which is to be implemented during the period 1998-2003.

Local Government Reform Programme, LGRP

Launched in June 1996, the LGRP is to enhance the democratic participation and administrative efficiency of local authorities. The objectives include autonomy of local governments in managing their administrative, personnel and financial affairs, and transparency, accountability and democratic approach as fundamental principles guiding operations of local government. Other goals include accountability of supporting staff to councils, improved and strengthened capacity of the councils, and quality service to the population people,

including establishing an enabling environment for other social service delivery agencies such as NGOs or the private sector.

This programme is too recent to have any clear achievements to point to. The legal and institutional frameworks for reform have been established, however, through the 1997 Regional Administration Act. A unit has been established in the Prime Minister's Office to implement the programme. The Nordic countries have been active in supporting the design of this programme, and have in principle agreed to a joint funding ("common basket") for their support.

Para-statal Sector Reform Programme, PSRP

The PSRP began in 1992. Its main focus is privatisation through the Presidential Para-statal Sector Reform Commission as the implementing agency. Between 1993 and 1994, 110 para-statals were initiated for divestiture, with 73 of these divested within that period. By June 1997, 128 para-statals had been divested.

Generally this programme is seen as successful, despite some lags compared with the original timetable. While a number of the key enterprises such as the National Bank of Commerce still have some way to go before they are successfully privatised, the government has been able to establish a broad political consensus around the need to pursue this programme, which at its early stages was quite controversial. The government also says it needs time to establish regulatory frameworks and institutions, to avoid abuses by potentially quasi-monopolistic entities after the public sector has let go of its ownership controls. This is a real issue, and if the state is successful in creating such frameworks for public oversight, it will represent a major step forward.

Social Sector Reform Programme, SSRP

The government initiated the social sector reform programme in the early 1990s, covering the health, education, and water and sanitation sectors. The objective is to improve the quality and utilisation of personnel, develop new financing mechanisms such as insurance schemes, scholarships, cost-sharing and cost-recovery mechanisms for more sustainable and equitable burden-sharing, and increase the share and effectiveness of government expenditure in those sectors.

Sector reviews have been carried out in each of the sectors, and action plans have either been prepared or are to be produced shortly. In the health and education sectors, donors are financing pilot schemes in four districts for community health and ten districts for community education and girls' secondary education. The intention is to expand these to additional 35 districts.

This reform programme may, paradoxically, be working somewhat against the Local Government Reform, as so far there is a centralising tone in the SSRP. As with all comprehensive reform programmes, this one will also have to contend with conflicting interests and thus some processes working at cross purposes, until political decisions have been taken to solve the differences.

The New Government: Good Beginnings, but Slowing Down?

The election of a new government in 1995 was of major significance, as it has displayed serious support for policy reform. The IMF refers to “renewed adjustment efforts towards the end of 1995” (IMF 1998). As a signal of its confidence in the new government, the IMF agreed to a new ESAF credit in 1996 which had been refused the previous administration.

Public Reforms: Change under Pressure

One conclusion seems to be that reforms driven by economic concerns, like the para-statal reform, are moving faster and going deeper than the political reforms. Changes that are taking place in public administration have focused on issues of efficiency and effectiveness – a public finance agenda more than a political one. Reforms that imply real devolution of power and access to resources by lower levels of the public administration or will empower the population at large to participate more actively in resource allocation decisions are moving slower. This is in part due to the weak capacity within civil society to mobilise and demand a greater voice in and accountability from the public sector. But decentralisation processes are extremely complex operations with many conflicting demands, expectations, and stakeholder groups. At the end of the day, it is a question of power and conflicts of interest. The existing political establishment is in no hurry to hand over levers of influence and resources to other groups. This, however, is to be expected: as long as the internal political system is not able to generate more pressures for change, and civil society does not have the strength to demand greater accountability, democratisation processes will move slowly.

The donor community has a legitimate voice regarding public resource use since it finances an important share of total expenditures. The political establishment can therefore not ignore donor concerns, and this explains some of the progress in this area. But it also means that public finance accountability is geared towards satisfying external actors’ concerns more than internal. The challenge to the donor community is therefore to contribute to promoting general accountability and efficiency in the public sector without distorting the internal political processes.

The reform processes are largely of a top-down nature. This is both the strength and the weakness of the overall reform. A well managed and regulated process is likely to promote the political stability that has been such a key achievement in Tanzania. But while political stability is one of Tanzania’s greatest assets today, one needs to allow for gradual democratic reforms from below in order to create legitimacy for the system. A centrally controlled system that loses its legitimacy will over time also lose its stability.

3.4 Aid Dependence and Sustainability

Aid Dependence: Excess and Ineffectiveness

The reduction of aid dependence as an objective is difficult to operationalise. This evaluation takes the view that there are two important aspects of this. The first one concerns *excess* - the view that a country where aid inflows are very large relative to domestic and other non-aid resources can be described as aid dependent. This is the most common usage of the term, and is typically indicated by figures of aid as a share of GDP, investment, imports, government revenues, etc. (see table 3.5).

Such indicators are neutral with respect to the *impact* of aid. However, a second aspect sees excessive aid as being ineffective, even as counter-productive: “... the process by which the provision of aid creates new and/or reinforces existing impediments to the achievement of self-sustaining development, thereby reducing or, at the extreme, nullifying the positive outcomes anticipated” (Riddell, 1996). There are several ways in which excessive aid could become part of the development problem. If governments know aid will be available almost no matter what, they can defer necessary but uncomfortable policy choices, in the extreme case sustaining in power regimes that are profoundly anti-developmental. There may be associated perverse economic consequences, such as where aid substitutes for taxation and/or domestic saving, or a “Dutch Disease” effect which leaves the domestic currency over-valued from the viewpoint of its ability to stimulate the growth of exports and import-substitutes.

There is often a political-administrative dimension as well, where donors seek to compensate for weak public administrations by putting forward a large number of pre-conditions for aid – “conditionalities”. In addition, many donors establish direct management responsibility for administering own aid funds, among other ways by providing high levels of technical assistance. The effect tends to be to undermine local institutions and processes while simultaneously overwhelming public administration with an unmanageable volume of demands. Thus, from the viewpoint of the

recipient, aid dependence also implies *loss of control* and the Helleiner report suggested that precisely this situation had been reached in Tanzania by the mid-1990s.

Sustainability and Dependence

Sustainability is usually taken to contain three dimensions: *environmental* sustainability, *sustainable growth*, and *social* sustainability - that is, attention must be paid to the equity of the *distribution* of gains from growth. Sustainable growth draws attention to a sub-set of dependency indicators that relate to the future ability of a recipient economy to reduce its reliance on aid inflows without adverse economic consequences. The mobilisation of domestic resources, the dynamism of the export sector, the development of human skills and the pace of modernisation of the productive structure are the types of indicators that are of particular relevance here. Equity refers both to distributional outcomes, but also to the processes that lead to decisions taken. This entails the empowerment of those segments of society that had not been able to take full advantage of the opportunities potentially available to them - in particular the poor, and women. It would also include the extent to which economic policy reforms are "owned" and part of a national consensus about the desirable direction of the economy.

Aid Dependence: Three Dimensions

Aid dependence can thus be broken down into three dimensions:

Macro economic dependence. The usual test is if key macro economic indicators show a high and continued share of external financing or are dependent on external financing for their continued performance.

Structural dependence. There is little or no change in the structure of the economy away from low value-added towards more sophisticated and skills-intensive activities. Dynamic segments of the economy are not able to generate backward and forward linkages to the rest of the economy.

Political dependence. Decisions regarding resource allocations are taken outside or highly influenced by actors outside the formal representative organs of a society. In the case of aid dependent countries, the external actors usually are foreign financing institutions, whether multilateral lending agencies or bilateral aid donors.

Macro-economic Dependence: Slow Improvements

Aid to Tanzania was on a slight upward trend in the early 1990s, as donor support for the structural adjustment program led to increasing levels of balance of payments support coupled with continued high technical assistance and investment projects. With the growing concern over corruption, aid began falling in 1993, with large-scale cutbacks in BoP support as of 1994. In the aggregate, aid fell by over 25% from the high in 1992 to the low in 1995. With the new government in place, aid flows have gone up again, reaching nearly one billion US dollars in 1997.

Table 3.4 External Assistance by Type, 1990-1997, USD millions

Form	1990	1991	1992	1993	1994	1995	1996	1997
Technical cooperation	238,9	308,2	384,5	325,7	221,9	244,8	191,9	248,3
Investment/Project assist.	402,7	415,7	416,6	330,7	441,7	373,4	539,6	437,6
BoP Support	214,1	275,2	279,5	237,5	139,1	69,2	110,7	233,7
Food aid/ emergency	49,6	16,9	32,0	5,6	92,3	121,4	64,4	56,5
Unallocated	51,0	40,8	0,0	0,0	0,0	5,4	0	0
Total	956,3	1056,8	1112,6	899,5	895,0	814,2	906,6	976,1
Shares								
Technical cooperation	25,0 %	29,2 %	34,6 %	36,2 %	24,8 %	30,1 %	21,2 %	25,4 %
Investment/Project assist.	42,1 %	39,3 %	37,4 %	36,8 %	49,4 %	45,9 %	59,5 %	44,8 %
BoP Support	22,4 %	26,0 %	25,1 %	26,4 %	15,5 %	8,5 %	12,2 %	23,9 %

Source: World Bank (1997d), UNDP (1999)

When comparing Tanzania's aid dependence to the Africa average, the country clearly is not among the largest recipients on a per capita basis. As a share of GDP, gross investment or share of imports, however, Tanzania exhibits higher aid dependency ratios than

the average for the continent. And Africa is by far the most aid dependent of all continents. The *trend*, however, is not so bad. Aid per capita, a typical aid dependence measure, has fallen, as has aid as percent of GDP.

Table 3.5 Tanzanian and Africa aid dependence indicators, 1990-1996

Aid	1990	1991	1992	1993	1994	1995	1996
USD per capita:							
Tanzania	\$46.09	\$41.11	\$49.55	\$34.11	\$33.64	\$29.71	\$29.31
Sub-Saharan Africa	n.a.	\$32.54	\$34.02	\$30.61	\$32.20	\$30.91	\$26.31
As percent of GNP:							
Tanzania	29.3 %	24.9 %	28.7 %	21.9 %	23.8 %	18.3 %	15.6 %
Sub-Saharan Africa	n.a.	6.3 %	6.6 %	6.2 %	7.0 %	6.3 %	5.3 %
As percent of imports:							
Tanzania	67.4 %	61.4 %	64.6 %	43.4 %	40.4 %	37.8 %	38.4 %
Sub-Saharan Africa	n.a.	18.0 %	18.1 %	16.7 %	18.2 %	12.7 %	n.a.

Source: *World Bank 1998*

A major reason for this positive trend, however, is the drop in aid during the 1994-1996 period. The ratios for 1997 show a substantial increase compared with the previous year. The important point is that the fluctuations in these aid dependency measures are mostly a function of changes in donor policies – i.e. constraints on the aid *supply* side. The government has not changed its policies – it still wants as much aid as it can receive. While improvements in the overall economy would lead to a lowering of some of these ratios, these changes are much slower than the shifts in aid levels, and thus in the short run have less of an influence.

Structural Indicators: Weak but Positive

The data given earlier (table 3.1) showed few structural changes in the economy, with the proviso that the rapid expansion in the informal sector is not well captured by the kinds of breakdowns such a table can provide. Data on the industrial-origin of the GDP reveal few signs of modernisation, as the share of manufacturing declined. On the other hand, the export commodity concentration index shows that more *types* of goods are being exported, while the breakdown of exports shows that the share of traditional exports has not declined much. Furthermore, the volatility in non-traditional exports seems to be higher than for the six basic agricultural exports (table 3.6).

The development of human capital is also not very encouraging. Gross primary school enrolment rate in 1995 was only 67%, down from over 90% in 1980. Few countries have experienced such a sharp deterioration in this basic educational indicator. Enrolment at tertiary level is extremely low (see chapter 6), including in scientific and technical fields, which normally are considered strategic for modernisation of an economy.

One problem with trying to understand what is happening structurally in the economy is that official data still do not provide a good picture of what is happening in the more dynamic parts of the economy. Certain structural features, such as the thin and non-competitive financial sector, are clearly holding back fundamental transformations. The para-statal and public administration reforms, on the other hand, are opening up space for new actors and removing or reducing a large number of transaction costs to emerging entrepreneurs. The closer links with international markets are providing stronger signals and less distorted incentives for investors to make sound decisions. The aggregate effect of these changes is difficult to grasp, since the reforms are not moving in tandem. But while some reforms are moving slowly, there is hardly any backsliding, so the overall picture is positive.

Table 3.6 Share of Export Groups, 1991-1997 (first semester data, all years)

Commodity	1991	1992	1993	1994	1995	1996	1997
<i>Traditional exports</i>							
Coffee	48,40	36,80	49,69	61,52	87,72	83,81	65,26
Cotton	30,10	61,40	46,40	62,68	42,24	40,59	52,98
Sisal	1,00	0,20	1,15	2,30	4,84	2,27	4,56
Tea	12,70	15,70	22,39	21,75	13,94	13,79	14,90
Tobacco	4,90	10,60	8,47	9,60	15,56	22,67	9,09
Raw cashewnuts	10,00	21,00	16,80	16,50	34,55	47,31	37,35
<i>Total, traditionals</i>	<i>107,10</i>	<i>145,70</i>	<i>144,90</i>	<i>174,35</i>	<i>198,85</i>	<i>210,44</i>	<i>184,14</i>
<i>Non-traditional exports</i>							
Minerals	15,70	20,50	45,20	10,80	29,58	26,45	28,57
Manufactured goods	56,00	27,60	25,70	50,10	41,57	32,14	87,31
Other	35,40	23,60	14,30	35,90	74,75	84,30	83,11
<i>Total, non-traditionals</i>	<i>107,10</i>	<i>71,70</i>	<i>85,20</i>	<i>96,80</i>	<i>145,90</i>	<i>142,89</i>	<i>198,99</i>
Exports, grand total	214,20	217,40	230,10	271,15	344,75	353,33	383,13

Source: Bank of Tanzania

Political Dependence: More Assertiveness

Public administration undoubtedly remains weak. The Helleiner report refers to this as an important reason for the overwhelming intrusiveness of the donor presence and low local ownership of many policies and projects, leading to the type of debilitating aid dependence noted earlier.

Yet, important changes have taken place. The creation of the Tanzania Revenue Authority and the strengthening of Bank of Tanzania have been important to the improvements in public finance management. The government has taken a more active role in the ongoing Public Expenditure Review and in the preparation of the Policy Framework Paper, which are two key processes for further improvements in this field.

The sector investment programmes are providing the authorities with more say in setting priorities. Organising the Consultative Group meeting in Dar es Salaam rather than Paris in December 1997 was a step in the direction of more government voice while at the same time opening up the government-donor dialogue to other national actors. One follow-up to the Helleiner report was a government-donor meeting early 1997 where general agreement was reached regarding a partnership-based relationship between the two parties. Among other things the desirability of increased Tanzanian ownership of aided activities in terms of planning, design, implementation, monitoring and evaluation was agreed to. The government is to take more of a lead role in setting the development agenda, and has committed itself in the process to focus on good governance, the maintenance of macroeconomic

stability and improved mobilisation of domestic resources, and an enhanced economic role for the private sector. Quite apart from its inherent desirability, this development should make for greater accountability in the conduct of economic policy and use of public resources, and provide a mechanism through which public consensus can be built as to the desirable direction of policy. Actions since then show, among other things, that donors are making greater efforts to have their activities and funds reflected in the budget, and thus using this as an important instrument for their own planning and implementation.

At the level of activity implementation, changes are less noticeable, in part due to lack of changes in capacity and political will at lower levels in the public sector, in part because some donors still insist on providing "their" technical assistance. Overall, however, to the extent that aid relationships have changed during the period under review they have changed for the better and in ways consistent with reduced aid dependency.

3.5 Summing Up

- The macro-economy has not developed as was hoped: savings, investment and foreign direct investments remain low, growth rates likewise. The structural transformation of the economy is slow, including in the critical financial sector. Inflation has been brought down, however, and exports are performing well. The informal sector seems to be growing quite rapidly as well, pointing to restructuring and a revitalisation of parts of the economy.

- Public finance management has improved, with the budget deficit reduced and the public payroll reduced and under better control though still very high. The investment budget is streamlined and a higher share of donor funds recorded. The Tanzania Revenue Authority and Bank of Tanzania have strengthened key dimensions of public finance management.
- Political liberalisation is moving unevenly. The formal multi-party system is weak, so real pressure for accountability and competitive politics is coming from the media, representative organisations and advocacy groups/NGOs.
- Public reform tackling *economic* concerns – parastatal reform – is moving better than decentralisation of resources and influence. Continued corruption remains a very serious stumbling block to further reforms. The public sector continues to suffer from weak capacity.
- Aid dependency is slowly being reduced, but remains very high along all three dimensions of economic, structural and political dependence.
- Overall, the picture is a mixed one, but with general trends being in the right direction, though progress achieved may be easily susceptible to reverses.
- The implications for the Norwegian cooperation programme is that the transformations that were to be supported have moved slower than hoped for. Structural constraints to cooperation have thus largely remained in place, reducing possibilities for impact.

4 Norwegian Aid

The MoU foresaw a reduction in the country frame resources by ten percent a year during the period 1994-1997. This continued a trend begun in 1992, when country frame resources were deliberately reduced due to concerns about the lack of implementation of economic reforms, and Tanzania's inability to effectively absorb aid. The MoU also noted that total volume of Norwegian aid could be maintained at high levels if Tanzania was successful in competing for financing from the recently established regional fund.

4.1 Levels of Norwegian Aid in the 1990s

Tanzania was for many years the largest recipient of Norwegian bilateral aid. This reached a peak in 1990, when the country received NOK 644 million – equivalent to a little over USD 100 million. Since then, aid levels have fallen considerably, and the MoU suggested they would fall even further: “The Norwegian delegation stated that a ten percent reduction per year in relation to the 1994 level of NOK 340 million for the period 1995-1998 is foreseen”. At the same time, however, the MoU notes that “the total volume of Norwegian assistance to Tanzania should be maintained at a high level”. In fact *total* disbursements fell to about NOK 350 million in 1994 and have remained at this level since then.

Country Frame: Decline

The major reason for this was the reduction in country frame resources for Tanzania - the funds that are ear-

marked for a particular country in Norway's development budget. Country frame funds represented over three-quarters of all disbursements during 1991-93, but only two-thirds during the following four years (table 4.1). Part of this was due to non-disbursement of country frame resources. NOK 340 million were budgeted in 1994, NOK 300 million in 1995 and NOK 270 million in 1996, in line with the 10% reduction goal. Disbursements in the first two years in particular were far below budget. This was because funds intended for import support were not disbursed due to the mismanagement of the import support program.

Regional Fund: Problematic Rise

A new regional fund was established that so-called “priority countries” can compete for. This fund is flexible and competitive, as it is not tied to any country or sector, but is to be allocated to emerging priority programs or good performers. This enables NORAD to respond quickly to new opportunities and reward better-than-expected performance. Tanzania has seen a virtual trebling of regional funds *each year* during the 1994-1997 period, from under NOK 2 million to almost NOK 50 million. The largest increases in absolute terms took place at the end of the period, when it became clear that political reform, the fight against corruption etc. were stalling. It is thus difficult to understand what performance was being rewarded when macro-economic assistance at the same time was being held back. In 1997, this regional allocation represented 13.5% of total disbursements.

Table 4.1 Norwegian Aid by Budget Allocation Item

	Disbursements by Year, in NOK '000						
	1991	1992	1993	1994	1995	1996	1997
Country frame assistance	421 565	416 681	360 338	247 208	204 283	243 149	226 542
Regional program (1)	0	496	1 015	1 977	7 788	17 578	48 761
SADC projects	12 806	8 484	18 270	15 976	3 229	13 636	2 976
Special funds (2):							
Gender activities	790	252	506	758	493	392	1 274
Environmental activities	9 305	4 955	2 527	2 967	1 919	1 523	588
Cultural activities	600	735	834	438	439	423	379
AIDS activities	1	649	700	3 014	4 893	931	0
Democracy fund	128	-18	0	0	407	0	2
Fellowships	686	156	1 309	797	597	573	168
Studies/local consultancies	158	0	671	244	222	1 011	556
NGO activities	11 832	9 289	8 319	9 452	11 992	15 066	16 931
Information activities	5	14	0	0	0	0	40
Technical assistance (3)	21 006	7 275	4 148	3 994	2 683	0	0
Volunteers	19 994	21 414	24 620	18 101	14 947	12 487	8 114
Private sector support (4)							
Parallel financing	29 705	33 370	43 678	48 914	69 616	11 634	17 214
Loan program	0	1 200	0	-1 220	-333	7 700	3 400
Other support	-420	1 038	1 377	1 505	1 272	2 619	4 465
Debt relief	0	0	13 900	0	0	20 000	20 000
Multi-bi/UN (5)	26 476	3 959	3 960	650	1 105	587	351
NUFU (6)							
Humanitarian aid	0	200	487	207	5 227	0	8 400
Refugees in Norway	0	0	0	0	0	1 850	129
Total	554 637	510 149	486 659	354 982	330 779	351 159	360 290
Country frame, % of total	76,0 %	81,7 %	74,0 %	69,6 %	61,8 %	69,2 %	62,9 %

(1) This is an allocation for the region for which priority countries like Tanzania can compete.

(2) As of 1997, most of these "special funds" have been given a different line in the budget.

(3) A special fund - most technical cooperation is financed over the country frame.

(4) Support to Norwegian and joint venture firms working in or exporting to Tanzania.

(5) Resources channeled through agencies classified by DAC as multilateral, for implementation purposes.

(6) University-to-university research cooperation. Own funding, averaging over NOK 5 mill/year

Source: NORAD aid database

Technical Assistance: Phasing Out

Freestanding technical assistance has dropped dramatically. While Norway had around 90 technical assistance personnel in the mid-1980s, only one remained in 1998. Including the Norwegian volunteers, expenditures have fallen from NOK 40 million in 1991 to just a little over NOK 8 million in 1997, with the last volunteers leaving in 1999. UNDP estimates that on average 25% of total external assistance was used to

finance technical assistance during the 1994-1997 period, equivalent to about USD 225 million each year. This form of aid is considered particularly inefficient as it is largely tied and not recipient oriented. Norway's policy change is quite substantial, and from a resource efficiency point of view to the better. The formal registration of technical assistance gives a slightly different picture (see table 4.4), but this is due to how institutional cooperation is classified.

Support to Norwegian Firms: Fluctuating

Support to the Norwegian private sector has fluctuated considerably, largely related to the level of Norwegian supplies funded over the parallel financing budget. Most of this has been tied financing for equipment in infrastructure sectors and thus “lumpy” in structure.

Structure of Funding: Extreme Fragmentation

There is some rationalisation of the *structure* of the financing. SADC projects funding is being phased out, and the use of special funds is being reduced as concerns like gender and the environment are mainstreamed into the country frame. But the overall picture is of an extremely *fragmented* financing structure. Table 4.1 gives about 20 *different allocations* in Norway’s public budget that fund activities in Tanzania. Some of these are managed by NORAD, others by the Ministry of Foreign Affairs; some are framework agreements with Norwegian institutions, like the university-to-university research cooperation NUFU. Fur-

thermore, some Norwegian financing for certain UN funds have components earmarked for Tanzania. UNAIDS, formerly the WHO’s Global Programme on Aids, GPA, has channelled about NOK 22 million to Tanzania since 1986, for example.

Summing Up: Donor-Fragmented and Expensive to Manage

All the various budget lines have been established to finance areas of particular interest to Norway - they are not responses to requests from recipients.

The major practical result is that it makes Norwegian aid bewildering and non-transparent to the recipient. Planning, management and monitoring become time-consuming and expensive to the Norwegian aid administration but even more so for the Tanzanian authorities who must use an important share of their scarce administrative capacity to track and understand an overly complex aid programme.

Box 4.1 Danish Aid - Restructured Over Time

Denmark rationalised its aid portfolio several years ago. The number of countries receiving Danish aid was reduced by about two-thirds, and within each country the intention is to be engaged in maximum three or four sectors.

Danish assistance to Tanzania is about the same as Norway’s, around NOK 350 million a year. Of this, the country frame is DKK 300 million (equivalent to about NOK 330 million), which is over 90% of the total. Most of the remaining is for Danish experts, who are funded outside the country frame.

All small-scale activities that the Embassy wants to fund has to come from the country frame. The Embassy can request up to ten percent of the country frame for local activities - i.e. DKK 30 million. This would be for cultural, NGO, women, environment etc. activities. But these activities must be sustainable when Danish assistance ends, and each project must have a total maximum frame of DKK 3 million. The Embassy in 1998 only requested DKK 8 million - it was not able to identify more activities that it felt it could justify under the guidelines.

Because it is involved in few sectors, Denmark has full-time programme staff in each of them, and a substantial budget for each as well. In the health sector, Denmark had over time expressed strong dissatisfaction with how the National Aids Programme was being run, finally cutting its support early 1998. The health administration took notice, and a re-vamping has taken place, allowing Denmark to consider renewed support.

4.2 Sector Allocations

Table 4.2 shows how Norwegian aid resources have been allocated across the major sectors². As can be seen, there have been considerable shifts, where the major change has been the rapid decline in untied balance of payments ("non-sector specific") support.

2. The OECD's Development Assistance Committee, DAC, provides a standard sector classification which Norway also uses. One of the principles is that an activity is to be classified according to which sector/area it primarily contributes to. This means that support to the forestry faculty at Morogoro has, during the 1994-97 period, been classified as primary sector, forestry sub-sector. There have been inconsistencies in the Norwegian classification over the years, however. In 1991 and 1992, support to the Kurasini oil terminal was classified under infrastructure, whereas later it was put under industry. For the analyses here, it made more sense to include the Kurasini oil terminal under the energy sub-sector, while support to tertiary level institutions like Bandari college, the Institute for Development Management, Sokoine Agricultural University, and fellowships to Norway, are all classified under Tertiary Education. These re-classifications were relatively minor in 1994, 1995 and 1997, but in 1996 amounted to over NOK 50 million, 14% of the total.

NOK 208 million was spent on import support in 1991, representing 37.5% of disbursements that year. Apart from an allocation of a little over NOK 23 million in 1996, there has been no import support since 1994.

District Development: Phased Out

Support to district development has been phased out, in line with the strategy. Rukwa and Kigoma districts got around NOK 44 million in 1991 and NOK 35 million in each of the following three years through 1994, but by 1997 this program had largely disappeared ("multi-sector and other").

Infrastructure: Continued Dominant Area

Infrastructure has remained a priority area, including support from the private sector support schemes (see chapter 5): 45% of the assistance provided during these last four years have been for infrastructure and transport. Most of this has been for big schemes where Norwegian contractors and suppliers are involved.

Table 4.2 Norwegian Aid by Sector, 1991-1997

Sector/area	Disbursements, by Year, in NOK '000								
	1991	1992	1993	Tot 91-93	1994	1995	1996	1997	Tot 94-97
Non-sector specific	233 450	42 450	55 256	331 156	13 855	21 598	49 947	32 318	117 718
Planning, public administration	1 000	16 076	6	17 082	9 676	2 479	9 823	3 134	25 112
Public works/infrastructure	121 679	266 951	256 368	644 998	197 619	171 640	116 105	146 318	631 682
Primary sector	23 524	39 392	21 087	84 003	10 967	1 865	2 963	4 665	20 460
Industry, mining, crafts	17 635	12 461	10 034	40 130	5 193	3 877	44 868	7 250	61 188
Services (finance, tourism etc)	769	140	3 954	4 863	10 844	5 371	8 171	12 210	36 596
Education and research	67 284	51 342	59 826	178 452	40 790	46 036	73 225	99 329	259 380
Health and population	24 277	25 177	24 848	74 302	18 617	27 666	6 389	31 326	83 998
Other social sector	6 190	5 232	4 786	16 208	2 574	2 365	4 022	2 776	11 737
Multi-sector and other	58 829	50 928	50 494	160 251	44 847	47 882	35 646	20 934	149 309
Grand total	554 637	510 149	486 659	1 551 445	354 982	330 779	351 159	360 260	1 397 180
Shares of total disbursements:				Ave 91-93					Ave 94-97
Non-sector specific	42,1 %	8,3 %	11,4 %	20,6 %	3,9 %	6,5 %	14,2 %	9,0 %	8,4 %
Planning, public administration	0,2 %	3,2 %	0,0 %	1,1 %	2,7 %	0,7 %	2,8 %	0,9 %	1,8 %
Public works/infrastructure	21,9 %	52,3 %	52,7 %	42,3 %	55,7 %	51,9 %	33,1 %	40,6 %	45,3 %
Primary sector	4,2 %	7,7 %	4,3 %	5,4 %	3,1 %	0,6 %	0,8 %	1,3 %	1,4 %
Industry, mining, crafts	3,2 %	2,4 %	2,1 %	2,6 %	1,5 %	1,2 %	12,8 %	2,0 %	4,4 %
Services (finance, tourism etc)	0,1 %	0,0 %	0,8 %	0,3 %	3,1 %	1,6 %	2,3 %	3,4 %	2,6 %
Education and research	12,1 %	10,1 %	12,3 %	11,5 %	11,5 %	13,9 %	20,9 %	27,6 %	18,5 %
Health and population	4,4 %	4,9 %	5,1 %	4,8 %	5,2 %	8,4 %	1,8 %	8,7 %	6,0 %
Other social sector	1,1 %	1,0 %	1,0 %	1,0 %	0,7 %	0,7 %	1,1 %	0,8 %	0,8 %
Multi-sector and other	10,6 %	10,0 %	10,4 %	10,3 %	12,6 %	14,5 %	10,2 %	5,8 %	10,8 %

Source: NORAD aid database

Social Sectors: Priority to Tertiary Levels

While support to the education sector has been increasing rapidly, table 4.3 shows that the overwhelming share is for higher education institutions: universities, colleges and advanced training centres.

In the health sector, average levels of support have fallen: during 1991-93 they were reasonably steady at around NOK 25 million a year, while during 1994-97 they fell to just over NOK 21 million – a drop of about 25% in real terms. This was largely in line with the strategy, as the health sector was not to be a priority - only assistance to Tanzania's Aids-efforts were to be

maintained. The volatility was high, with disbursements as low as NOK 6 million in 1996 and then shot up to over NOK 31 million the year after.

About NOK 50 million was spent from 1991 through 1995 on MUTAN, the Norwegian Aids project in the Arusha and Kilimanjaro regions. This was a heavily research oriented program, where a large share of the resources were absorbed by the Norwegian collaborating institution, thus being more a tertiary level activity than a primary care oriented one. As of 1997 Norway began supporting the national Aids control program,

NACP. Another NOK 6 million have been given to NGOs engaged in Aids activities around the country.

Norway has supported the "20-20" policy adopted at the Social Summit in Copenhagen in 1995 - that is, that both donor and recipient countries should allocate at least 20% of their resources to basic social services: health, education, water and sanitation. In order to address this in the case of Tanzania, Norway began large-scale co-financing of UN agency activities in primary health and education activities as of 1997. This is in line with "20-20", but not the country strategy.

Table 4.3 Norwegian Aid by Sub-sector, 1994-1997

Sector/area	Disbursements by year in NOK '000			
	1994	1995	1996	1997
Non-sector specific	13855	21598	49947	32318
General financial aid	127	3 441	27 345	5 662
Democracy, human rights, etc	13 728	18 157	2 602	6 656
Debt relief	0	0	20 000	20 000
Planning, public administration	9 676	2 479	9 823	3 134
Public works	197619	171640	116105	146318
Energy sector	139 240	112 042	85 816	76 216
Water sector	414	871	617	5 500
Road sector	57 189	58 759	28 847	60 730
Other transport, works	776	-32	825	3 872
Primary sector	10 967	1 865	2 963	4 665
Industry, mining, crafts	5 193	3 877	44 868	7 250
Services (finance, tourism etc)	10 844	5 371	8 171	12 210
Education and research	40790	46036	73225	99329
Norwegian volunteers	10 520	9 311	9 798	5 159
Infrastructure, equipment	272	0	0	0
Tertiary education	27 748	29 214	49 624	52 500
Other education	2 250	7 511	13 803	41 670
Health and population	18617	27666	6389	31326
Hospitals, health centers	2 238	1 650	1 835	2 310
Primary health care	258	2 800	0	15 437
Health administration	107	0	0	0
AIDS activities	10 698	16 836	1 774	11 293
Other health activities	5 316	6 380	2 780	2 286
Other social sector	2574	2365	4022	2776
Culture	1 272	429	511	419
Other	1 302	1 936	3 511	2 357
Multi-sector and other	44847	47882	35646	20934
District development	33 874	18 189	8 204	60
Women in development	2 345	3 129	3 320	2 560
Environmental activities	3 721	19 953	22 908	16 727
Other, unspecified	4 907	6 611	1 214	1 587
Grand total	354 982	330 779	351 159	360 260

Source: NORAD aid database

Sector Concentration: Modern Sector Focus, High-Income Beneficiaries

The sector profile of Norway's assistance has become even more modern sector focused than it was at the beginning of the period. The fastest rise in terms of resource allocations has taken place in the area of higher education, where studies available early in the strategy period show that only the top 20% of the population benefit from public financing (see box 6.1).

Annex table 2 shows the *country frame* resources in a table similar to in table 4.3. This shows even clearer how the country strategy ignores the activities that are of primary interest to the poor, as the more socially oriented areas receive a disproportionate share through the special funds.

4.3 Forms of Aid

A major concern over the last decade has been to make aid more efficient through reducing the various forms of conditionality tied to external financing. There has been a general push towards so-called program aid - that is, financing that is not tied to a particular objective or activity - and away from project aid. This is a development, which Norway in principle strongly supports.

Table 4.4 shows that there has been a slight decrease in the levels and shares of project aid in Tanzania, but not due to an increase in program aid. Rather activities that are classified as "technical cooperation" have seen a rise. This is primarily a classification issue, as a number of activities that are classified as support to institutional development are included here. These tend to be project specific in nature, so the net effect is that the balance between program aid and project aid has shifted slightly in favour of project aid.

Table 4.4 Norwegian Aid by Aid Form

Form (1)	Disbursements by year in NOK '000			
	1994	1995	1996	1997
Project aid	200 593	216 831	162 803	188 802
Program aid	67 193	27 626	58 390	50 030
Commodity aid/import support	-448	0	23 700	0
Technical cooperation	88 864	86 555	98 566	118 058
Loan assistance	130	0	7 700	3 400
Debt repayments	-1 350	-333	0	0
Total	354 982	330 679	351 159	360 290

(1) The DAC classification scheme and definitions are used

The basic reason for this is that the concern regarding corruption were linked to general balance of payments support. Under these circumstances, Norway maintained more targeted and identifiable forms of aid. Whether this is a weak spot as far as implementing the intentions of the Strategy is debatable. The choice instead was that the pace of implementing this intention should be driven by the capacity of the recipient to assume the responsibilities, which could be seen as a prudent and correct decision, though the overall logic behind this decision can be questioned (see section 5.1).

4.4 Gender

The Strategy has a somewhat general statement regarding the gender aspect of Norwegian development cooperation: "all activities must continue to be planned and implemented in such a way as to ensure that women are actively involved in the development process, and that they are given the opportunity to participate actively in decision-making processes at all

levels". This statement says nothing about outcomes nor even inputs, only that the *processes* should allow women to have the opportunity to participate - not even necessarily have a voice in decisions taken. Table 4.5 shows, according to the DAC criteria, the degree to which Norwegian-financed activities have had women as a target group.

This table is limiting in several ways. The criteria that NORAD has had to use when classifying activities is limited to formal criteria as adopted by the DAC. These are (1) women from the recipient country have been consulted on the project, (2) women from the recipient country are to participate actively during implementation as advisers, leaders or trainers, (3) the project document identifies barriers to women's participation and steps to overcome these have been identified, (4) expertise on how structural and cultural factors hinders or supports women's access to political, economic and social resources - so-called WID expertise - is to be used during the entire implementation of the project.

This means that areas where it is known that gender targets are built in, like in the roads program and some Aids activities, are not included above. The other is that ideally one should have some weighting scheme, since the three different categories listed indicate that

women will share in the benefits of the funded activities to differing degrees. The team in fact used various weighting schemes, but this did not change the overall picture in any substantive way.

Table 4.5 Financing Targeted towards Gender, 1994-1997

Project profile	Disbursements, by Year, in NOK '000			
	1994	1995	1996	1997
Women as one of beneficiary groups (1)	7 329	10 864	11 777	52 555
Women as key beneficiary group (2)	33 694	22 267	8 408	20 593
Women as main beneficiary group (3)	3 132	2 923	3 921	14 127
Total	44 155	36 054	24 106	87 275
Share of total expenditure	12,4 %	10,9 %	6,9 %	24,2 %

(1) Activities where women is an explicit target group and in addition at least one of the four DAC criteria for classifying it as a "Women in Development" activity is fulfilled..
 (2) Same as (1) above, but all four DAC criteria are fulfilled.
 (3) Activities where women are the main target group, and all four DAC criteria are fulfilled.

Source: NORAD aid database

Funding Trend: Unclear

Given the DAC definitions, there was a serious downward trend in resources targeted towards women till the trend was abruptly changed in 1997. This, however, is due to classifying the new framework agreements with Sokoine Agricultural University and on the Environment and Conservation as having women as a target beneficiary group. Both of these classifications are dubious, yet these two projects had disbursements of more than NOK 35 million, representing nearly 10% of total disbursements that year and thus accounting for a large share of the gender increase.

In general, the resources that at the outset can be said to improve the situation of women, is limited, reflecting the fact noted above, that Norway's country program in general has had a "hard sector" and tertiary level character.

The results evaluation, where each activity was rated along a number of characteristics, including gender, shows a somewhat different picture, however (see chapter 8).

4.5 NGOs

Norway has clearly increased the share of its resources being channelled through NGOs. Table 4.6 shows that whereas less than 3% of total assistance went through NGOs in 1994, this share had nearly tripled, to close to 8% three years later. When decomposing by national versus Norwegian NGOs, however, one sees that the support to local NGOs has only increased by a little over 50%, while Norwegian NGOs have seen their budgets go up by a factor of nearly four. The *target groups* for this assistance is large the same – it is the *channels* that differ.

Table 4.6 Norwegian Aid Channelled through NGOs, 1994-1997

Type of NGO	Disbursements by year in NOK '000			
	1994	1995	1996	1997
Norwegian	5 618	8 967	12 588	22 036
Tanzanian	4 093	5 692	6 161	6 319
Regional/international	379	449	290	15
Total	10 090	15 108	19 039	28 370
Share of total disbursements	2,8 %	4,6 %	5,4 %	7,9 %

Source: NORAD aid database

Part of this is due to the emergency relief operations that Norwegian NGOs have carried out in support of the refugees streaming into Tanzania due to the war in the Great Lakes states. In 1997, this alone amounted to over NOK 5.5 million. The other areas of support were

the health sector, including Aids activities; small scale rural credit schemes; a number of cultural activities; and general support to the development of local NGOs - some of this given directly to local NGOs, some of it through a Norwegian sister organisation.

4.6 Concentration and Focus

The MoU identified six areas of focus for Norwegian cooperation: (i) economic development including macro-economic as well as commercial and industrial development, (ii) infrastructure, (iii) research and education, (iv) political reform, (v) environmental and resource management, (vi) commercial and cultural relations.

Sector Focus: In Line with Strategy

Table 4.3 shows that these areas have largely been emphasised as far as financial resources are concerned. There has not been much done in the first area, apart from support to macro-economic modelling. This, however, is largely due to a number of other donors being active here, and the Strategy emphasises that Norway should only contribute in areas where it may have particular expertise to offer. The contribution in the areas of commercial and industrial development has been supported primarily through the various private sector financing schemes (see chapter 5). The one area that has maintained a significant level of support and that is not mentioned in the Strategy, is health, for the reasons noted earlier.

Phasing-Out Intentions: Implemented

As noted above, district development has been phased out. The idea was that assistance to local administrative reforms and capacity building is a better way to both support the move towards more participatory and democratic structures, while providing a more efficient means of assistance. This concept is now changed somewhat (see chapter 5), but overall reform in public administration is moving quite slowly, so disbursements remain low.

Smaller activities in the areas of transport – railroads, harbour and coastal shipping – and to the petroleum and mapping/cartography areas have been phased out as intended.

Concentration through Grouping: Being Done

The Strategy envisaged a concentration of Norwegian-funded activities, partly through grouping activities into larger framework arrangements, partly through better co-ordination with other donors. A number of framework agreements have in fact come into place during the period, particularly in the areas of higher education and the environment. At the same time, Norwegian activities in the roads and energy sectors are now fully included in the respective sector programs - Integrated Roads Program II and Power VI.

Geographic Focus: Absent

Norway has been engaged in rural roads in Mbeya and Tanga regions; in rural development in Rukwa and Kigoma regions and has continued to finance a number of small activities in these regions through NGOs; was involved in the Aids program in Arusha and Kilimanjaro regions; and has got engaged in small-scale health and environmental activities as complements to a power scheme in Kihansi. Geographic focus is not mentioned in the strategy, and one reason is undoubtedly that field level activities have decreased noticeably during the period.

Overall Programme: Increased Fragmentation

Table 4.7 looks at various measures of programme concentration. The first part looks at total number of activities funded in a given year, where activities or projects are essentially grouped into three categories: major activities or projects funded over the country frame or regional/SADC funds, small-scale activities largely funded over special funds, and private sector schemes. Here it is seen that the total number of activities is falling from an average of around 170-180 activities at the beginning of the decade to around 135-140 towards the end of the Strategy period.

One disturbing trend is that number of projects funded over the country frame has increased from around 25 during the first two years of 1994-95 to over 40 two years later. This is largely a function of the Embassy being pushed into funding new areas like primary health and education, and thus expanding the number of activities that must be squeezed into an ever-decreasing country frame allocation.

The special fund activities are being reduced, and free-standing technical assistance projects are now gone. The number of NGO activities has gone up, however, as Norway increases its support to the development of civil society and democratisation.

The number of projects with disbursements of NOK 1 million or more has remained steady in the low 40s, while number of small activities with disbursements under NOK 100,000 is on a downward trend (many of the latter are in fact purely "statistics", as they represent final payments on activities that have been wound down). The financial share of the ten largest projects - representing 6-7% of the activities - has tended to remain just above 60% of total disbursements.

Table 4.7 Measures of Program Concentration, 1991-1997

	1991	1992	1993	1994	1995	1996	1997
Number of activities							
Total number	168	172	180	178	134	160	136
Major activities:							
Country frame	45	31	29	27	23	36	41
SADC projects	16	13	22	7	2	3	0
Regional projects	0	0	0	4	1	6	7
Small-scale activities							
Special funds	37	60	40	32	32	24	17
NGO activities	12	15	12	42	33	42	43
Technical assistance	31	20	26	23	8	8	0
Private sector	5	12	17	21	19	25	17
Disbursements							
Ave. size, NOK '000	3 301,0	2 966,0	2 704,0	1 994,0	2 469,0	2 195,0	2 649,0
No. > NOK 1 million	59	43	43	41	44	43	48
No. < NOK 100,000	44	71	76	66	42	47	40
DAC Sectors							
Number of sub-sectors	35	37	34	38	33	38	38
10 biggest projects:							
Total disb, NOK '000	362 426,0	362 171,0	302 056,0	229 919,0	203 078,0	217 604,0	221 029,0
Share of total	65,3 %	71,0 %	62,1 %	64,8 %	61,4 %	62,0 %	61,3 %

Source: NORAD aid database

The most telling statistic, however, is that Norway has spread its funding across more than 35 DAC sectors during the entire 1990s. During the 1994-1997 period the number of sectors *increased* from an average of 35 to an average of 37 out of a possible maximum of 80! And this has happened during a period where funding not only has fallen by more than 45% in nominal terms - probably by half in real terms - but where this has all the time been the intention to do so! Fragmentation has therefore increased, both in absolute but particularly in relative terms as measured for example by average amounts of resources going to each sector: this has fallen from a little over NOK 10.3 million in 1991 to NOK 5.8 million in 1997. In constant US dollar terms, the 1997 figure represents less than *half* the 1991 number.

4.7 Summing Up

- The country frame was reduced 10% a year due to lack of reforms and aid absorption capacity, but financing from the regional fund *increased* from NOK 2 million to NOK 50 million during the period, compensating for the fall in country frame

resources. So while the above problems persisted, disbursements remained constant at NOK 350 million during the four years.

- *Within* sector concentration through frame agreements took place, non-core activities were phased out. Support to NGOs increased, though the share going through Norwegian NGOs increased much faster than support to local NGOs. Funding for gender activities probably remained constant.
- Infrastructure is by far the largest area of funding, while an increase in support to the social sectors has concentrated on higher education. The result is a modern-sector cooperation program whose benefits are skewed towards better-off urban households.
- *Fragmentation* of Norwegian financial assistance is noted along a series of dimensions. The evaluation considers this fragmentation the single largest challenge to impact and relevance of Norwegian development assistance, as will be noted in subsequent chapters.

Box 4.2 “If everybody were like us....”

Bilateral agencies, specialized UN agencies and the EU provided about USD 620 million in grant aid in 1997. Norway's contribution of USD 51 million represented about one-twelfth of this.

If all donors structured their assistance the same way Norway does, Tanzania would be facing about 20 donors who would have around 240 different budget lines financing activities in the country, all of them with slightly different rules and characteristics. There would be around 500 major projects and another 2,000 or so smaller ones floating around, at a time where Tanzania wants to develop a 'super core' development plan of 125 projects. There would be an average of five different donors active in every region, but what a donor did in one region was not likely to be the same that it supported in another region.

There would, however, be some major gains: there would be very attentive and listening partners on the other side of the table from the Tanzanians, seriously concerned about partnership, open to suggestions, willing to co-ordinate and subordinate own preferences to joint decisions.

But there would still be 20 annual meetings, demanding the active participation of a large number of technical staff in many ministries. The particular shape and size of this cooperation would largely be determined by each donor, all of whom actively support Tanzania's development efforts – only in slightly different packages: “gender, environment and participation”, “poverty reduction, rural markets and empowerment”, “health for all, girls' education and sustainable human development”, “competitive markets, multi-party politics and civil service retrenchment”, “quality service delivery, decentralisation and private sector development”....

And every year there would be five major evaluations like this one, looking at a haphazard configuration of Tanzania's development efforts, trying to figure out what the net impact was.

5 General Development Support

The Country Strategy foresaw support to economic, political and administrative development. In the economic field, a two-part programme was outlined consisting of a macro-economic component to support economic stability, and another to promote economic growth.

Norway was going to provide more support than earlier to the political reform programme. The four areas mentioned were the electoral process including the National Electoral Commission; the media and preferably in cooperation with international and Norwegian organisations; political reforms at local level; and support to trade unions and other special interest organisations. Coupled with this was a programme to strengthen public administration. At the national level, this should be limited to fields where Norway has particular skills, whereas at sector level training programmes and institutional development was to be an integral part. Finally, the on-going district development programmes were to be phased out in favour of local public administration development in the two districts.

5.1 Macroeconomic and Private Sector Development

The macro-economic component was to provide import/balance of payments support subject to not incorporating the counterpart funds into the fiscal budget for recurrent expenditures, and debt relief linked to multilateral debt. The structure of the macro programme was assumed to shift from purely funding to investments in productive activities and capacity building in the public and private sectors.

The programme for industrial and commercial development was to cover three areas: strengthening public policy; assist institutions and organisations that contribute to trade and industry; and various forms of financial support, including long-term credits, venture capital and guarantee schemes. In the area of public policy the Investment Promotion Centre was mentioned as a candidate for continued support subject to a positive evaluation. Regarding institutional support, focus was to be on entities that assisted small and medium scale companies, including through collaboration with relevant Norwegian organisations.

Reducing Macro-economic Support: Adequate Analysis?

There is usually a strong argument in favour of balance of payments support for economies that are in rapid transformation. Targeted financing to a particular sector, activity or project is in general not an efficient

way of making external financing available. This is because funds within the public sector are largely fungible: external financing essentially expands the total amount of resources available. The notion that it is possible to target it is hence largely incorrect, as noted in the recent study *Assessing Aid* (World Bank 1998a).

The strategy argued for reduced import/balance of payment support and debt relief for two reasons. The first was the argument that Tanzania was too aid dependent and had problems *in general* using external financing well. The logic presumably was that by reducing overall aid, this problem would also be reduced: since inefficiencies are greatest on the margin, and given fungibility, a reduction would cut the aid that was least efficient. This would be an argument for *general* aid reductions. The reason for reducing specifically the import support programme was the large-scale mismanagement and corruption that had been uncovered over the previous period regarding these funds and the counterpart funds that the import support programmes generated. While macro support was to be reduced, it was not to be completely eliminated. Continued support was conditional on satisfactory implementation of key reforms within the structural adjustment programme that had been agreed to during the Joint Evaluation Mission in February 1995. While a number of points were fulfilled, particularly linked with the establishment and successful operations of the Tanzania Revenue Authority, three key points were lagging. The first had to do with the prosecution of officials linked to corrupt practices, the second was the problem of missing counter-value funds from firms benefiting from the import support programs, while the third was the continued problem of smuggling from Zanzibar.

Reducing import support while increasing funds availability through sector agreements such as in roads and higher education are not consistent, however, due to the fungibility aspect. Avoiding counterpart funds to be used in the *recurrent* budget, unless they are totally taken out of circulation ("sterilised"), is also next to impossible. The restriction on supporting recurrent expenditure is in any case not well motivated, as the distinction between investments and recurrent expenditures is somewhat arbitrary. Furthermore, while health and education expenditures are largely counted as recurrent, they may be more important as investments for the future than certain expenditures on physical infrastructure, for example.

Cutting back on *macro-economic support* is difficult to justify on economic grounds, therefore. It was, how-

ever, justified politically, as it sent a strong signal to the Government to take the misuse of funds seriously. Norway thus only allocated NOK 23.5 million to import support, in 1996. These funds were the remainder from a previous pledge that had been frozen due to the corruption problems. Corruption, however, is still seen to be a major problem. While the strategy emphasised cooperation between Norway and Tanzania in finding ways to address this problem, Norway has instead focused on increasing its own monitoring and control, though Norwegian staff has been reduced.

Debt Relief: Waiting for HIPC

Instead of import support, Norway granted NOK 20 million for debt relief both in 1996 and in 1997. The use of debt relief has become common during the latter half of the 1990s as the debt burden on a number of the African economies is serious. The Heavily Indebted Poor Countries initiative, HIPC, was established by the World Bank and set criteria for providing across-the-board debt relief where the outcome is to make the debt burden sustainable. Tanzania is one of the countries potentially eligible for HIPC support, but it takes time before the pre-conditions for HIPC debt relief can be applied. In the interim, bilateral donors have made direct debt relief contributions, as in this case.

Debt relief has the same advantages as general balance of payments support, in that funding is essentially freely substitutable for the Government's own funds, and thus represents efficient external financing. If one accepts the arguments in the strategy, then the shift in funding structure and overall size of the contribution clearly has been in line with what was foreseen.

MACMOD: Successful Macro Modelling

The strategy recognised that Norway would not be a major player in the area of macro-economic management. It therefore suggested that support to institutional development should only be provided in fields where Norway might have particular skills.

One such area is macro-economic modelling. Norway has used such models for several decades and assisted a number of African countries develop fairly simple yet robust models. Development of the macro economic model for Tanzania, MACMOD, started in 1992 with a group of economists from the Chr. Michelsen's Institute in Bergen working with the Planning Commission. A project review carried out in late 1998 found that the model is basically sound and potentially useful for discussing short-term macro-economic problems though some important components like the tax module remain to be developed. The use of the model has so far been limited, with the main users being the Planning Commission and the Policy

Analysis Department in the Ministry of Finance. A network of economists from interested institutions has now been established, comprising in addition the Tanzania Revenue Authority, the Bank of Tanzania and the University of Dar es Salaam. The local World Bank office is also involved.

The main problem with the project was that it was not fully co-ordinated with other initiatives in the same area, and that it was not institutionally linked with the Ministry of Finance. These shortcomings are now to be dealt with. Furthermore, donor co-ordination is crucial, as there are many technical assistance initiatives in central economic policy institutions. FINNIDA is supporting activities in the Macro Analysis Department in the Ministry of Finance, Sida in other departments of the Ministry of Finance and USAID in the Tanzania Revenue Authority.

The Government is interested in developing the model further, which increases the probability of the work's sustainability. The model is politically important as it strengthens the Government's ability to analyse the performance of the economy in a model that it itself has worked on and feels comfortable with. Among other things this gives it more confidence in its discussions the IMF and the World Bank. The project is thus considered a success. One reason is that the financial amounts involved have been kept low, which both has made it a cost-effective activity while allowing the Tanzanian entities involved to retain control of the project and let it develop at a pace they were comfortable with.

Aid Management: Poor Results

The UNDP implemented a pilot project on aid management that was considered successful. UNDP thereafter designed a full-scale implementation project called Aid Management and Accountability Programme, AMAP, that was to ensure improved management of donor resources, their integration into the fiscal budget, and full reporting back to the donors. Norway made a cost-sharing contribution as input into improved macro-economic management.

Results have been disappointing, however. The unit in the Ministry of Finance responsible for running AMAP has remained isolated and has had no real impact. While the Ministry has improved its integration of donor resources into the budget, this is not due to AMAP. UNDP considers the project to be unsuccessful and will close it. While the outcome therefore has been disappointing, Norway's support was in line with the MoU and would potentially have made an important contribution in an area of concern to Government and donors alike.

Industrial/Commercial Development: Limited Results

NORAD financed some of the activities of the former Investment Promotion Centre, IPC. IPC was, however, one of the institutions involved in serious misuse of tax exemptions, and Norway funded a special audit to uncover the extent of the abuse. The Centre was subsequently restructured into the Tanzania Investment Centre, TIC, and completely re-staffed. The impression is that TIC now has the potential to function as a "one stop shop" for local as well as foreign entrepreneurs. Norway has so far not supported the TIC, somewhat contrary to the strategy. This is perhaps understandable given the negative experience with IPC. On the other hand, it is unfortunate that once fundamental flaws in an institution have been addressed and in particular that the target group for the TIC's activities has been expanded to also include support to local entrepreneurs, that the institution does not get assistance.

There were only two other projects of any magnitude in this field during the period. The smaller one was support to the Cleaner Production Centre of Tanzania. A review of the project believed that it had contributed to a broad understanding of the concept of cleaner production, but doubts were expressed about the Tanzanian ownership and the sustainability of the project.

The other one was developed as part of the collaboration with the SADC secretariat for Trade and Industry, which was based in Dar es Salaam. Started in 1992, it focused on Quality Management in a number of countries in the SADC region. The intention was to assist local producers improve the quality of their operations, among other things to make them more competitive in the world market. The Tanzania component had disbursements totalling NOK 34 million. The evaluation of this activity noted that important results had been attained, but that the project basically was run by a Norwegian company with little Tanzanian ownership of the activities. While the quality management issue was a good and relevant one, it did not derive from a larger strategic programme identified by local producers and thus representing *their* priorities, so there was a serious problem of sustainability, and the evaluation noted several areas for improvement. The main reason why Norway supported this programme, though, was that the implementing agency was a Norwegian firm. The lack of genuine recipient responsibility undermined the long-run benefits of the collaboration, however.

PRIDE Tanzania: Micro-finance Support

Norway's major direct support to the development of Tanzania's private sector is the funding of PRIDE: Promotion of Rural Initiatives and Development

Enterprises. Norway is the principal funder of this micro-finance organisation and the related management services institution REDI, the Regional Enterprise Development Institute.

In the short time that PRIDE Tanzania has been in existence, it has proven to be a focused, professional organisation. Reviews by Sida, USAID and NORAD all point to an organisation that is the best-organised micro finance institution in Tanzania. It has generated interest in its approach outside of Tanzania, as it has developed under the challenging circumstances of a poor African country. *Sustainability* is the key issue, however, since without this PRIDE cannot grow, in which case the contribution to economic growth and poverty reduction will be limited. A review of PRIDE done in 1998 says that "*PRIDE has an operational self-sufficiency of only 54 per cent as at June 1998, and the return on assets is highly negative...Both figures have been improving, however, and the administrative costs are also coming down as a percentage of the portfolio. The fundamental investment in branches and network is now largely done, and the underlying growth in the portfolio will ensure improved profitability.*" (NCG 1998). A USAID report states that "*PRIDE has been rapidly expanding and opening new branches, a necessary but costly process that slows its ability to cover operating costs from earned income.*"

The basic premise for NORAD's support was that aid was to act as seed money for institution building, not a permanent grant. It would not be fair to demand that PRIDE should have achieved financial sustainability in the period under review, which has been characterised by expansion. It is clear that losses will be reduced as growth slows down. However, within the present organisational set up, the cost of funds and administrative costs including PRIDE headquarter services cannot be recovered even in mature branches. Self-sufficiency can hardly rise above 80 per cent. An internal PRIDE presentation to the branch managers concludes that change of focus and thrust in PRIDE is inevitable.

The assumption that operational deficits are transitional is thus not correct. As there are no realistic prospects for sustainability with the present set up of PRIDE, either another justification should have been found for the support; or a radical change in the operations of PRIDE should have been set as a condition for continued support. There are plans to move from micro-credit to micro-finance that include deposit operations, and hence to transform PRIDE to a bank. This will help to mobilise local savings, which is critical to the overall sustainability of the growth processes the micro funding is to support. Some guidance for future changes in support policy is to be found in an

Aide Memoire from 1997 and in the NCG report from 1998 (see Annex 4). One specific implication is that it would be preferable to channel all support via PRIDE, and not to support the service provider REDI separately.

Impact of PRIDE: Not Yet Clear

Norwegian support has not been framed in a sufficiently broad setting. There is no clear statement of the development goals that PRIDE should promote. Micro finance is generally taken to be a good thing, but performance standards and output measures are missing, so there is no way to evaluate the cost-effectiveness of the programme. Output measures might have indicated whether there are reasons for permanent subsidies or for the sale of services to other institutions, such as commercial banks, that could address the question of achieving sustainability within the present set-up.

Two thirds of PRIDE clients are women. This has not been the outcome of conscious targeting, but a result of more women taking advantage of this opportunity. One reason supposedly is that the ceilings on the loans are so low that many men who wish to go into business find the loans uninteresting. This, however, is in line with a basic tenet of micro lending, which is that self-selection towards the poorer spectrum of the population will contribute to a more broad-based development impact. While the total number of loans is still insignificant in relation to the total number of potentially eligible borrowers in Tanzania, in those areas where PRIDE operates it clearly is opening up possibilities that did not exist before. The fact that so many women are seeking out credit is encouraging from a gender perspective, as it may indicate that it provides possibilities for them to transform their own situation. The documentation so far available does not show if this in fact is happening, but should be tracked (see section 7.5).

The support from the many donors to micro-financing institutions has not been co-ordinated with support to the development of a policy and regulatory framework

with the authorities that could facilitate the growth of micro-financing institutions. Common policies are required since different lending conditions – particularly subsidised interest rates – may have negative impact on other micro-finance schemes. The development potential of the provision of finance also suffers from the lack of a supplement of training and information for the clients. This does not mean that PRIDE itself should provide such training, but it might have worked closely with a training institution.

Norwegian Industry Support: Infrastructure Dominates

NORAD has several financing schemes to promote Norwegian firms in developing countries (*“Næringslivsordningene”*), which are managed directly by the Department for Industrial Co-operation in Oslo. Only one of them supports the development of *local* industry as it funds pre-investment costs for Norwegian firms, such as studies to review possibilities for joint ventures. It also can pay for some not-for-profit recurrent costs, like training of local staff. The largest programme, however, is so-called parallel financing where NORAD makes available grants in parallel to larger investment programmes spearheaded by others, usually the World Bank. The funding is contingent on at least 50% of the funds being used to procure Norwegian supplies and equipment – a measure similar to ones used by a number of other donor countries.

Table 5.1 shows the levels of the various financing schemes during the period 1994-1997. This support was given to Norwegian and joint venture firms working in or exporting to Tanzania, and has fluctuated considerably as the exports often are lumpy equipment deliveries for large-scale investment programmes. The item termed “other support” funds activities that are of more direct interest to Tanzania: pre-feasibility studies, various other upstart costs of ventures based in Tanzania, not-for-profit activities undertaken by firms in Tanzania. This budget line has shown a consistent increase over the period, with expenditures three times higher in 1997 than in 1994.

Table 5.1 Private sector support 1994-1997

	Disbursements by year, NOK '000			
Private Sector Support	1994	1995	1996	1997
Parallel Financing	48 914	69 616	11 634	17 214
Loan Programme	-1 220	-333	7 700	3 400
Other Support	1 505	1 272	2 619	4 465
Grand total	49 199	70 555	21 953	25 079

Source: NORAD aid data

Table 5.2 shows the sector profile of the use of these funds. Two thirds has been for equipment to the hydro-power sector, while most of the remainder has been used for contracts in the road sector. Most of the private sector financing has thus been for one-off deliveries, not for long-term investments. The activities that have been supported have been important for the coun-

try's longer-term economic development – making available increased and more reliable energy for both industrial use and household consumption, as well as improving the transport network. But the financing has not led to sustainable increases in the country's own direct productive activities through investments by Norwegian entities.

Table 5.2 Private Sector Support Schemes 1994-1997

Sector/area	Disbursements by year, NOK '000			
	1994	1995	1996	1997
Planning, public admin (mapping etc.)	7 973	2 200	629	450
Infrastructure, public works:				
Energy sub-sector	35 608	58 042	7 854	10 364
Road sub-sector	6 243	9 374	3 195	6 606
Other transport (sea, air)	-204	-35	139	3 704
Primary sector development	175	114	620	0
Industrial development	-670	748	9 500	3 855
Other sectors, activities	74	112	16	100
Grand total	49 199	70 555	21 953	25 079

Source: NORAD aid data

Parallel Financing: Distortionary Dangers

Parallel financing is generally provided to commercial enterprises for inputs that are not locally available and where the Norwegian products are supposed to be price-competitive. In the roads sector, however, this form of funding has created distortions in the local contracting market. When importing capital equipment under this scheme, the items are exempt from local tolls and import duties *because* they are aid funded. While the goods are originally imported linked to a particular contract, the Norwegian firm is able to use these toll-free inputs to compete for other contracts later on. This gives them a price advantage when they subsequently compete with local firms for commercial contracts.

Support to Tanzanian Firms: Poor Results

There has been some direct support to building up companies in Tanzania. The largest and the one that has run the longest is the Sao Hill saw mill project. It began in the late 1970s and was run by Norwegians until the late 1980s with grant funds from the country frame. The 1988 country study of Norwegian aid to Tanzania found this project to be "in our view, one of the most successful major projects assisted by NORAD in Tanzania" (Havnevik et. al., 1988). In the late 1980s, the process of withdrawing Norwegians from the project began, with the aim of handing over the plant and management to Tanzanians.

As responsibilities were handed over, serious problems arose particularly on the management side. During the 1994-97 period considerable resources were poured into the project with no sustainable improvements in the management of the plant. Funds went missing, and continual appeals for assistance were made to cover basic recurrent expenditures, resulting in the Embassy having to grant funds in excess of earlier planned expenditure. What is more, unlike earlier periods, during the 1990s the operation was continuously running a deficit. In terms of capacity building, NORAD promised a sum in excess of NOK 3 million for this purpose, but these funds clearly did not result in the intended outcome. A memorandum of July 1998 states that "as management has disintegrated and other practical complications, the Embassy has decided to close down the project".

NORAD also provided considerable sums to assist with the privatisation of Sao Hill. This process raises some questions, since the outcome of the first open bidding round was cancelled. Instead of an outright privatisation, a comprehensive management contract was put on offer, where a group involving Norwegian investors won, whereas an UK-based company had come out best in the privatisation proposal. The documentation available does not show that this outcome will guarantee superior results compared with what would have occurred if the original bidder had won.

Support to the Zanzibar Sea Ferries through a Norwegian ferry company ended with failure. This was a

small project as far as Norwegian funding was concerned, and the failure in large part resulted from internal conflicts among the partners. In part, these examples point to the difficulties of promoting private enterprise in Tanzania, as conditions for investment and entrepreneurship are still poor.

Private Sector and Distribution: Worsening Outcomes?

The strategy does not discuss possible distributional outcomes of Norwegian assistance. This may explain why a couple of key concerns regarding private sector development are missing from the MoU. The first is the issue of groups that are left worse off when the economy develops. The other is income concentration in favour of an ethnic minority, in this case Tanzanians of Asian origin. Both problems have come up in connection with market reforms in other African economies, and are potentially serious problems for the liberalisation efforts.

Hard data for the last several years are hard to come by, but the widespread impression is that income distribution has become more skewed. Real agricultural commodity prices have fallen while input prices have increased, shifting the internal terms of trade against agriculture, thus squeezing the poor who are largely rural. Rapidly rising school drop out rates are attributed to the combined effects of falling rural incomes and increased school fees.

Over the last 100 years, the Tanzanians of Asian origin became the traders of Tanzania. During the socialist years they faced fewer barriers than Africans in running private businesses. Both factors gave them a head start in the transition to a market economy, and many now hold dominant positions in trade, tourism and manufacturing. Ethnic tensions still seem low with surprisingly little resentment voiced, so there is still time to support compensatory measures. The poorest should not be left without access to basic services, and emerging African entrepreneurs should be given access to additional support without this leading to new forms of market distortions. Support to their special interest organisations may thus be of major importance.

Supporting Private Sector Organisations: Very Limited

Norwegian support to private sector organisations has been very limited. There has been a link between the Association of Tanzania Employers (ATE) and the Norwegian Federation of Business and Industry (NHO) with some mutual visits and support to a seminar, but this is no longer active. The Chamber of Commerce (TCCIA) has a Swedish co-director funded by Sida and receives some project support from USAID.

The Confederation of Tanzania Industries (CTI) receives some support from Denmark. All three organisations are small, understaffed and badly in need of funds. At the same time they are highly aware of the risk of becoming donor dependent and of the importance for legitimacy based on an active and broad membership.

Given the importance attached to such organisations in the MoU, it is unfortunate that NORAD did not provide further assistance to such interest organisations, particularly considering their role in providing an empowering network for African entrepreneurs. At the same time, it should be recognised that this is a complex area where no single donor alone can be an efficient actor, but clearly a field where like-minded donors can form an effective grouping. A recent Embassy document, "Tanzania and Norway - Development Co-operation 1998" takes up support to special interest organisations as a concentration area in the coming years, thus perhaps correcting this weak spot in the future.

Labour Unions: Positive Ties

A twinning arrangement is in place between the Tanzania Federation of Free Trade Unions, TFTU, and the Norwegian Federation of Trade Unions, LO. It is a four-year support agreement that expires in 2000, which is to support a free trade union movement during the transition from one-party-socialism to a market economy. The agreement has clear performance criteria that give strong incentives to mobilise the membership and thus reduce the risk of aid dependency.

LO has run a series of management courses for trade union leaders in Tanzania, and a series of special courses for women. This support is very much in line with the MoU, as unions are representative and credible organisations that have historically played an important role in Tanzania's political development. They have been important for promoting economic and political change, and in the political transformations currently taking place, continued support of this kind is clearly constructive.

5.2 Support to Political and Administrative Development

Both general political and public administration reforms face immense obstacles, and considering the forces that are opposed to these changes, the Government has made important achievements. However, as noted in chapter 3, there is still a long way to go. Independent organisations that are able to voice legitimate concerns and demand accountability with respect to the use of public resources are thus an important precondition for a more efficient administration.

The country strategy points to the links between economic and political transformations, and has upgraded the support Norway should provide in the field of political change. This included support to the elections foreseen in 1994 and 1995 and more general to the development of the multi-party system. In addition the strategy noted the need for support to interest organisations, the media and NGOs – that is, the development of a strong and vibrant civil society that could contribute to more open and transparent politics.

Electoral Support: Successful but Limiting

As can be seen from table 5.3, about 73% of Norwegian assistance in this area went to support the electoral processes. 80% of this support was provided in 1994 and 1995, for the preparations and implementation of the elections. It has not, however, been very active in following up and providing more long-term

support to strengthen the formal multi-party system *per se*.

The assistance provided is a good example of joint donor support for overarching goals and one where the international donor community now has considerable experience. The successful post-war elections in Mozambique in 1992 provided a framework and positive experience that helped put in place a well-functioning donor support package. The problems that occurred during the elections referred to earlier (see 3.2) notwithstanding, the donor support must be said to have achieved its objectives and Tanzania itself carried through a process which by and large it can be proud of. The assistance to the elections is thus highly justified and was an important contribution. What can be questioned is on one hand the lack of a follow-up to the elections, and secondly the strong focus on the formal multi-party system perhaps to the detriment of other aspects of civil society.

Table 5.3 Support to Civil Society Development, 1991-1997, NOK '000

Form of Support	1991-93	1994	1995	1996	1997	1994-97
Election support	132	10 807	17 800	1 316	5 751	35 674
Human rights support	0	27	163	305	36	531
Women's organisations	1 035	1 512	3 129	2 151	1 614	8 406
Other civil society assistance	0	2 412	194	746	869	4 221
	1 167	14 758	21 286	4 518	8 270	48 832

Source: NORAD aid database

Strengthening Civil Society: Lack of Strategy

The Embassy had access to studies that showed that the formal multi-party system was not very strong. One analysis of six opposition parties before the elections noted that most of the candidates from these parties were ex-CCM cadres who for various reasons had left CCM. None of the parties had a political programme of their own but were basically running on an anti-CCM platform. To some extent this was understandable and legitimate, as one of the main questions put to the electorate was how it felt about CCM and its performance in power, where corruption of course was an issue. But the study pointed out that without the development of real policies, the opposition parties would not contribute much to the development of accountable politics. Events after the elections have borne this prediction out, as the opposition parties have not been able to establish a credible alternative to the CCM.

As noted earlier, the media and other interest organisations like the free union movement and other legitimate representative groups like lawyers' associations, teachers' organisations etc. would have been logical entities to support. In most societies they represent

informed key actors for generating political debate and contributing to identifying options to problems.

Norwegian support in these areas has been weak. Three reasons can be given for this. In the first place, providing support to organisations that participate in the political debate, whether legitimately according to Norwegian eyes or not, is always problematic. The experience with BAWATA shows that the political issues this may raise in the relationship with the Government may be complicated.

The second point is that such support requires a careful analysis and understanding of the local political field, and a thought-out strategy for how to pursue the stated objectives. Both aspects of this are complicated and costly to do. Understanding the actual conflicts and politics in a country like Tanzania is not easy, since many dimensions come into play: historical conflicts, ethnic allegiances, personal relations, etc. These are real fault lines that are often difficult for donors to see, and developing a clear and consistent strategy that can successfully be implemented is thus not easy. This does not mean that it cannot be done – it just means that it will take time and considerable resources to do

it well. It also means that a donor like Norway can hardly act alone. Some steps that could have been taken include the follow-up to the National Electoral Commission, as foreseen in the strategy, strengthening this body but perhaps in the context of improving the framework conditions under which the NEC works (see section 3.2). A more aggressive electoral education programme could be pursued, bearing in mind the criticisms that have been raised of pre-election voter education (see 7.6 on support through NGOs for this). A number of district-level activities are being developed where Norway could have participated.

In Norway, a number of support schemes are used to support access to print media such as contributions to the distribution costs. Other innovative steps to improve the framework conditions for the media to reach a larger share of the population in Tanzania, including addressing some of the constraints imposed by current rules, could have been attempted in collaboration with other donors. Similar actions could have been tried regarding support to interest organisations. Since the MoU specifically mentions these, it is too bad that not more was achieved.

The third problem Norway has faced is identifying actors that could participate in such processes. If Norway is going to support the development of journalists' organisations, for example, it would normally work through a similar organisation in Norway, since the Embassy itself can hardly interact directly with particular interest organisations. It has evidently been difficult to identify such organisations that have the interest and capacity to take on what would have to be a longer-term commitment. While a number of Norwegian interest organisations, such as the association for the handicapped, have developed international secretariats that can raise external funding and take on such tasks, most organisations are oriented towards serving their own target group in Norway. Working abroad requires additional capacity, which is not always easy to mobilise. This problem, however, is another argument for Norway participating in a joint donor group where Norway's contribution could focus on funding a common funding basket.

District Development Transformation: Never Happened

Norway had for a number of years supported two district development programmes in Rukwa and Kigoma regions, known by their acronyms RUDEP and KIDEP respectively. It was decided to discontinue these large-scale programmes (see section 7.8) and instead strengthen the local administration as part of the local government reform programme (see next section). The intention was to support both the political and technical dimensions by providing training to counsellors,

administrative staff etc. The training was, among other things, to help the various actors develop a clearer understanding of their respective *roles*, so that political accountability and transparency would be promoted. The efforts would build on the work already done in these regions to mobilise the local population, so these two regions would in part act as pilots in how to actually implement the local government reform programme.

The general approach was thus in line with the overarching theme of promoting good governance through decentralisation and developing political as well as administrative reforms at local levels. This programme never got off the ground, however, because the *national* reform programme has bogged down. The framework conditions for local initiatives of this kind were therefore not in place.

Local Government Development: Challenging Agenda, Few Results So Far

The Local Government Reform Programme, LGRP, has not achieved much to date though considerable preparatory work has been done. NORAD supported the development of the programme documents for the LGRP and has played a constructive role in the cooperation between like-minded donors and the authorities. The joint Nordic mission (Lund et. al 1997) that worked with Government to define some of the process issues involved has been very helpful. From this collaboration, the Nordic countries have in principle agreed to basket funding for the LGRP, which is another concrete step in the spirit of the joint Government-donor aid co-ordination agreements from January 1997.

As Norway's experiences can testify to, local government reform is extremely complicated. It is difficult to implement decentralisation gradually since many elements have to be developed in parallel and put in place before responsibilities can be transferred. Furthermore, real political power and resource issues are at stake, which leads to resistance at central level. The tendency of central government to overrule local government is a universal phenomenon and thus requires continuous commitment (in Norway, the National Assembly is seen by the local authorities as a major factor in limiting their freedom to set their own priorities). Successful local government reform thus requires a lot of up-front planning and resources, and considerable political support, to succeed.

The Association of Local Authorities of Tanzania, ALAT, has become an important player in the LGRP. Its participation should have been strengthened, as it ought to play a key role in the political negotiation process. The more solutions are found by negotiations

between stakeholders, the greater is their chance of survival. Providing more voice to other actors who also are pushing for such local government reform is also critical if the process is going to move forward.

Norwegian support to the Civil Service Reform Programme and the LGRP has recently been reviewed. LPRG is now designed as a main area of attention during the coming three to four years. While this evaluation is not to consider future support, it follows from what has been said above that such a shift in programme support would address what the evaluation considers a weakness in the 1994-1997 programme. The main lesson, however, is that if Norway wishes to contribute substantively, this requires considerable resources for preparatory and analytical work and staff resources to monitor and track closely what is happening. More importantly, it requires close co-ordination with other donors and a willingness to take risks and consider the long-term view.

5.3 Summing Up

- The reduction in balance of payments and shifting it from import support to debt relief comes up against the reality of fungibility of public finance, but was politically a correct move to make. The MACMOD support has been very successful while aid to AMAP failed.
- PRIDE has made important achievements with Norwegian support, but long-term sustainability is questionable.
- Support to Norwegian firms has largely been for lumpy infrastructure equipment. The preferential tax treatment has provided Norwegian-related firm with a competitive advantage in road rehabilitation, however.
- Little has been done in the area of support to indigenous entrepreneurs. This is an area that would have merited particular attention due to the distributional problems that Tanzania's growth path is taking, largely due to inherited – but predictable – structural features.
- The support to political development has focused too much on formal political systems and not enough on stakeholders in civil society. The latter issue requires considerable investments in order to become a feasible programme, however, and the fragmentation of Norway's programme has made this a more difficult task to carry out.
- Good programming support has been provided to the local government reform initiative, but real implementation had not begun due to political resistance to change.

6 Sector Support

The MoU emphasised continued support to the energy and roads sectors, research and education, environmental and resource management, and cultural relations.

In the energy field, focus was to be on equipment for power plants, preferably outside the country programme, while support to the petroleum sector was to be phased out. In transport, roads maintenance and rehabilitation along with road safety and institutional development was to be continued, while support to the harbour authority, the railway company, and mapping and surveying was to stop.

In education and research, the programme was to be strengthened in the context of improving public administration at all levels of society. Cooperation with the three institutions of higher education was to be restructured through framework agreements, and support to educational reform was to be supported.

Environmental and natural resources management was to be promoted through institutional and capacity building including policy development, and support to projects based on evaluations of their impact. In the health sector, focus was to be on support to combat Aids, while cultural cooperation based on more equitable mutual benefits was foreseen.

6.1 Energy Sector

The objective of Tanzania's energy policy is to provide efficient energy generation, procurement, transportation, distribution and end-use systems in an environmentally sound manner. Expensive imported petroleum products are to be substituted by exploiting the abundant hydroelectric sources, developing and utilising natural gas and coal resources, and stepping up petroleum exploration activities. Hydropower contributes less than 2% of the country's total energy use, petroleum products just over 8%, and the rest is biomass. While nearly 80% of the electricity is generated by hydropower, it is recognised that Tanzania also needs to develop its hydrocarbon resources, among other things to diversify its power supply away from the climatic variability inherent in hydropower.

Most of the Norwegian financial assistance to the energy sector was included in the government development budget. The government contribution to the development expenditure has been insignificant, but only a fraction of these approved funds have been released. Tanzania's financial obligations to the power projects are thus specified, but these contractual obli-

gations have not always been honoured because of budget constraints.

Norwegian Assistance: Hydropower Focus

Norway's assistance has been in the form of capital and technical assistance to hydropower projects as well as rehabilitation of distribution systems and substations. Table 4.3 shows that total aid to the energy sector during 1994-1997 was around NOK 413 million, almost 30% of the total. This had decreased over the period from 39% in 1994 to 21% in 1997. The largest projects were Pangani Falls and Lower Kihansi. The fourth phase of the Zanzibar Rural Electricity Project was foreseen but not implemented because of the unresolved political situation on the islands after the 1995 elections.

Power VI is an integrated sector programme that groups all the major donors providing assistance in the sector. The World Bank acts as focal donor and has done most of the analytical work behind the identification of the programme. It provides a solid government-donor framework for resource allocations, risk sharing, and joint planning, monitoring and evaluation. The programme covers institutional development, including activities to make TANESCO, the major producer and distributor of electricity, viable. TANESCO had for a long time faced financial difficulties due to long lags in its electricity billing cycles and non-payment of bills by key customers. Power VI underlined strengthening of management, revisions of tariff rates, pressure on public sector entities to pay their bills, etc. This is in line with NORAD's "basic principles" for the energy sector as well, and important for commercialising the energy sector, partly to privatise entities like TANESCO, but even more to make the sector attractive to private investors in areas like power generation and distribution.

Pangani Falls: Successful Hydropower Project

Electricity demand has grown faster than the Government projected. The Pangani Falls Redevelopment Project therefore became urgent, and the government felt that formally including it in the Power VI programme would delay the financing. Instead it approached the Nordic countries for support, and Norway provided 42% of the estimated NOK 820 million project costs, Finland 33% and Sweden 25%. The project was largely a construction of a new hydropower plant at Pangani, but included a new transmission line from the plant to Tanga, a Community Development program, environment measures, and large-scale training.

The Pangani project was completed ahead of schedule and under budget. The power station has been in commercial operation from December 1994 when the first unit was commissioned, and has been operating satisfactorily since then. It has added some 15% to national hydropower generating capacity and thus saves on imported diesel fuel and hence has reduced the country's aid dependency.

The Pangani project is relatively small in scale, but water management became an issue. In order to ensure rational water use, the Pangani Basin Water Board, PBWB, was established. PBWB introduced water fees, and in collaboration with TANESCO and Ministries of Energy and Water took the responsibility of ensuring sustainability of the Pangani Falls and other development projects within the area. Though the financing of the PBWB has been a problem, it is considered to be doing a good job regarding monitoring and management.

Lower Kihansi: Least-Cost Development Path

The Lower Kihansi power project is considered to be on the least-cost development path for the energy sector. The cost of Lower Kihansi is estimated at USD 256 million, of which Norway will provide NOK 380 million (just over USD 50 million), mostly for equipment and electro-mechanical works. Norway funded an expanded Environmental Impact Assessment, and also insisted that the project be fully implemented by TANESCO along the lines done with the Pangani project, instead of a much heavier donor involvement which has happened in other energy activities.

Power VI: Basis for Small-scale Interventions

The Power VI agreement has also provided the basis for a number of other Norwegian funded activities in the hydropower area, some financed from outside the country frame. This includes the *Magomeni* substation for the central district of Kinondoni in Dar es Salaam, where Norway largely provided hardware, much of it from Norwegian suppliers. The project was successfully completed towards the end of 1995. The *Mbala-Sumbawanga Power Project* entails construction of a 60 KV transmission line from Mbala substation in Zambia to Sumbawanga town in Rukwa district, and the erection of a substation in Sumbawanga. Norway has so far funded the viability study that showed that the proposal was the least-cost alternative for reliable energy in the area, but probably not commercially viable.

The *Rural Electrification Project in Zanzibar*, RUREL, financed the construction of an electrical transmission and distribution system to rural communities on Zanzibar Island, and training and distribution support to the State Fuel and Power Corporation in

Zanzibar SFPC. Phase three was completed on schedule mid-1995 while phase four as mentioned was never started. The sustainability of the project has been a problem because SFPC has faced financial problems, and little preventive maintenance took place on the generators and distribution systems.

Conclusion: Successful but Incomplete Strategy

The Strategy was somewhat inconsistent in that it specifically mentioned equipment deliveries outside the country frame (parallel financing) as an objective, while the overarching goal of institutional development and capacity building was not mentioned for the energy field. Norway is participating in the institutional development efforts by supporting the Power VI policies and guidelines, and also providing some particular inputs under this umbrella. But despite almost 35 years in the sector, Norway's focus has been on the hardware side, providing outlets for Norwegian products and work for Norwegian firms, rather than pushing institutional aspects, despite this being an area where Norway is in fact in the forefront world-wide. Norway has however offered assistance to develop concessional policies, and Tanzania may be taking Norway up on this.

While the sector-specific strategy has successfully been followed, overarching concerns of the country strategy were not addressed to the same extent. The cost-effectiveness of Norway's assistance was good – Norwegian supplies were price-competitive – but the efficacy was lower than it could have been: extending the institutional development frontier generally yields higher social returns than the more limiting input-supply side.

6.2 Petroleum Sector Programme

In the petroleum sector, Norway's support focused on developing the capacity of the Tanzania Petroleum Development Cooperation, TPDC. The programme began in 1975, providing technical and financial assistance for exploration, infrastructure development, operational and natural gas development, in part using Norwegian expertise. The agreement has been a broad one providing considerable scope for decisions on the Tanzanian side. The program focused first on petroleum exploration, but once it became clear that the potential in this field was limited, attention was moved to gas and the development of the Songo-Songo gas field, which has attracted the attention of private investors.

With the greater involvement of commercial actors, the need for public sector resources for development purposes is reduced. Furthermore, the general objective for the cooperation - supporting the development

of a viable TPDC - is seen as largely accomplished. A serious controversy regarding a contract with a Malaysian consortium for the development of a gas-powered station outside Dar es Salaam has created major problems for the viable financing of the development of the sector. This has made further assistance in this field difficult, since the authorities broke agreements inherent in Power VI when entering into this contract with the Malaysian company without due consultation with the other partners in the sector.

6.3 Road Sector Support

In 1990, the Integrated Roads Project, IRP, was launched. The first phase was to restore trunk and regional roads and develop institutional capacity to properly manage the road network. By 1997, about 95% of the planned paved trunk roads and 44% of the planned gravel trunk roads had been rehabilitated. The second phase, IRP II, has concentrated more on policy and institutional support, road upgrading, rehabilitation and backlog maintenance, village travel and transport programmes. The cost of both programmes will be about USD 1,600 million.

A key issue has been the sustainable funding of road maintenance. The experience over the previous 20 years was that the returns to road upgrading were very low since maintenance was insufficient or absent, leading to rapid deterioration of recently rehabilitated roads. The IRP II therefore had the establishment of a Road Fund financed through various levies but in particular a petroleum tax, as a key condition. An independent Road Agency was to be established, to ensure the efficient utilisation of the Road Fund and avoid it being used for other purposes than road maintenance.

The annual IRP II consultative meetings between the Government and donors have proven to be effective mechanism for discussing and solving joint problems. It has in particular ensured better resource allocations between investment and recurrent costs, between regions, and between different donor interventions. Standards, competitive bidding and other steps to harmonise procedures have also increased overall efficiency in the sector.

Norwegian Assistance: Shifts towards IRP II Priorities

The road sector of Tanzania has been receiving continued assistance from Norway for more than two decades. Norway originally focused on rural roads in Mbeya and Tanga regions, but is now also financing rehabilitation of trunk roads and institutional development in the Ministry of Works, MoW. The cooperation is now structured in the form of a sector agreement within the IRP framework. The agreement covers support to Mbeya and Tanga regional road authorities,

including road maintenance, appropriate technology development, institutional support and training. There is a cooperation agreement between the Norwegian Public Roads Administration, NPRA, and the MoW. Funding has been provided for the construction of a number of roads (Same-Himo, Chalinze-Melela, others), construction supervision of the Himo-Arusha road and construction of Mgoda bridge on the Tanzania Highway. Norway has also supported training centres for appropriate technology and pilot village transport and technology project. Annex table 1 gives an overview of the projects, showing the annual expenditures typically being around NOK 58 million, and with a shift away from regional roads to trunk road rehabilitation.

Sector Management: Problems

As part of the road sector agreement, Norway made funds available to be managed directly by the Ministry. Payments under this part of the agreement were held back for more than a year due to serious auditing problems. During several annual consultations Norway brought up the issue of the lack of audited accounts. The authorities promised to address the issues, but it took a couple of years before approved accounts were in fact presented. The sector has also been one of those where corruption is said to be rampant. A number of senior civil servants have been removed from office, including some key officials for the collaborative programmes with Norway, which has affected the progress in some areas.

Organisational Capacity Building: Positive

The cooperation between the MoW and NPRA covers organisational support to MoW headquarters, the bridge management unit, road safety and axle load control, and the development of the materials laboratory (see text box 7.5). Norway has provided special technical and financial support to road "software" components, and this cooperation has been instrumental in building capacity in road sector policy formulation and performance.

In Mbeya and Tanga regions Norway used to have a heavy technical assistance presence. Today the Regional Engineer's Offices operate without external assistance. Furthermore, a Roads Maintenance Management System has been developed that is systematically being used in these two regions. This has improved the roads administration and the roads infrastructure itself considerably. The total cost of this assistance has been very high, though, since more than 200 man-years of technical assistance have been used. The cost-effectiveness of this support is thus questionable. Once the Road Fund functions as it is intended to, with 20% of total funds distributed to the regions, the road maintenance in these two regions will be both

financially and organisationally sustainable, which may be unique in Tanzania.

Appropriate Technology Advisory and Training Project

The Appropriate Technology Advisory and Training Project started in 1991. ILO experts have been hired with Norwegian funds to train MoW personnel at two Appropriate Technology Training Institutes, ATTI. Focus is on labour based road rehabilitation and maintenance for road inspectors and foremen. Start up problems have been substantial, with considerable delays in both the recruitment of expatriate staff and the procurement of equipment. These were largely overcome by the end of the period, though the delays mean that unit costs were high, and a decision has been taken to close one of the centres as there seems to be no need for two.

Village Travel and Transport Project, VTTP: Pro-poor

For the poor, most travel and transport takes place within a few kilometres of the home. For women in particular, poor local transport increases the burden of collecting water and firewood and bringing products to local markets. The VTTP is to be implemented in six pilot districts. The immediate concern is to empower communities to build capacity in development and maintenance of transport infrastructure, promotion of and maintenance of appropriate means of transport, maintenance and rehabilitation of water wells and milling machines. The first VTTP project involved training in labour-based road works for staff in the pilot district. Other interventions include rehabilitation and maintenance of rural transport infrastructure comprising community/access roads, foot paths, tracks and trails, the promotion of intermediate means of transport encompassing carts, animals, bicycles, trolleys etc., and rehabilitation, maintenance and some provision of non transport infrastructure such as water wells, milling machines and wood-lots.

Gender: Interesting Improvements

Norway had early on set quantitative targets for inclusion of women in road works - an area normally staffed only by men. This was to give women access to wage income in areas where opportunities were limited. Support is also given to professional women - engineers, surveyors, architects - who work in the road sector, to enhance both their ability to defend their interests, but also to promote women entrepreneurs who might wish to compete for various jobs within the sector. Given the positive experiences with the Norwegian funded activities, quantitative targets for each region are now included in the IRP II.

There is still some way to go, however. So far, women are only being hired when public entities have a direct

responsibility for staffing the activities - private firms largely do not. While a study found that female tractor drivers were perhaps more cost-effective than men because they tend to take better care of the machinery, many men have reacted negatively to women operating machines - this is clearly seen as a threat. Training manuals still only use men in the illustrations.

There are thus monitorable quantitative indicators that can be tracked on a continuous basis. The wage income is clearly of importance to the women who are given the access. More important, however, is that Norway has supported groups that are addressing the empowerment question, and are also actively trying to reach new target groups through information campaigns to make women aware of the possibilities that exist in the field.

Conclusion: Cost Effective and Improved Impact

The Norwegian support to the roads sector has undoubtedly become more cost-effective due to the fact that the framework conditions are improving. Once the Road Fund functions according to intentions overall cost-effectiveness as well as efficacy will go up. Once again Norwegian assistance is more likely to attain its objectives due to larger donor-co-ordinated interventions, where Norway has played a supporting role. Donor co-ordination is, however, problematic. An EU-funded consultancy study on the re-organisation of the road sector management was critical towards the Government's handling of the problems. The donor community forwarded a letter to the authorities that Norway did not sign. Both the study and the letter were considered patronising with proposals that were extreme in favour of liberalisation. The final outcome has been positive, though, as the controversy went to Parliament, which approved a solution that went further than the Government proposed but not as radical as the donors were suggesting. In the process, the decisions have been given a strong political base and hence legitimacy that improves the chances of follow-through.

6.4 Other Infrastructure Support

Water Sector: Funding UN Programmes

The national water policy launched in 1991 encourages community participation in most water projects, based on community water committees and water funds. The objective is to ensure sustainability of all rural water supplies. The Norwegian assistance has been limited, and has been channelled through the UNDP for a Water Management project and to UNICEF as part of a large-scale water and sanitation programme. Only just above NOK 7 million has been used on this over the period, however.

Throughout the 1994-97 period, Norway has tended to use specialised UN agencies in areas that are not priority in the MoU. Financial reporting is usually good, but results reporting and evaluation is lacking so it is difficult to gauge cost-effectiveness and impact.

Phasing Out Transport Support: One Last Hiccup

The support to the TAZARA Railway Company was phased out as foreseen. The Tanzania Harbours Authority had received funding to improve the port facilities of Dar es Salaam as part of the large-scale donor support to SADC infrastructure improvements. The last activity Norway supported under this umbrella was the modernisation of the Kurasini Oil Jetty. The project was controversial inside NORAD, since it was outside the country strategy. Because of strong interest from the Tanzanian authorities, the Embassy argued in favour of it and succeeded in convincing Oslo. The project was largely an engineering/construction task that was awarded as a turnkey operation to a Norwegian-owned firm. NOK 34 million was spent, and Oslo agreed to it on the condition that this would mark the last involvement of Norway in the maritime sector in Tanzania.

6.5 Education and Research

Norway has provided assistance to higher education since the early 1970s. Sokoine University of Agriculture, SUA, the University of Dar es Salaam, UDSM, and the Institute of Development Management, IDM, have received most of the support. Support to the Dar es Salaam Maritime Institute was phased out as planned, and some minor support was also provided to Bandari College that had previously received Norwegian support.

Funding Increase: Focus on Higher Education

Not counting the volunteer service, Norwegian assistance to the education sector tripled between 1994 and 1997, from NOK 28 million to 93 million (table 6.1). In addition comes the research cooperation through the NUFU agreement which amounts to over NOK 5 million a year, most of it going to UDSM. Apart from the volunteers, all support in 1994 went to higher education. Support for primary and secondary education has increased rapidly the last three years, however.

Table 6.1 Norwegian Education Expenditures, 1991-1997 (NOK '000)

Number	Title	1991-93	1994	1995	1996	1997	1994-97
Tertiary Education							
Sokoine Agricultural University							
TAN 091	SUA - Framework agreement				14 062	22 072	36 134
REG 083	SUA - Forestry Training	6 192	1 799	1 936			3 735
TAN 022	SUA - Forestry Faculty	18 158	6 232	4 831	2 410		13 473
TAN 081	SUA - Soil Science	9 475	2 492	3 536	2 478		8 506
TAN 084	SUA - Various consultancies				200		200
TAN 085	SUA - Animal Science	6 151	2 600	2 947	1 213		6 760
TAN 088	SUA - Short courses at ICE		522	413	298		1 233
	<i>Sub-total, Sokoine</i>	<i>39 976</i>	<i>13 645</i>	<i>13 663</i>	<i>20 661</i>	<i>22 072</i>	<i>70 041</i>
Institute of Development Management							
TAN 058	Inst of Development Management	34 296	5 910	8 897	11 903	10 200	36 910
University of Dar es Salaam							
TAN 047	UDSM - Chemical engineering	15 085	3 721	2 757	13 437		19 915
TAN 048	UDSM - Chemistry	8 364	2 161	2 331	2 907	3 344	10 743
TAN 064	Research Cooperation	24 216	400				400
TAN 084	UDSM - Various consultancies				437		437
TAN 103	UDSM - Framework agreement					15 424	15 424
	<i>Sub-total, UDSM</i>	<i>47 665</i>	<i>6 282</i>	<i>5 088</i>	<i>16 781</i>	<i>18 768</i>	<i>46 919</i>
Other Tertiary Education							
REG 023	Bandari College	7 906			279		279
TAN 025	Dar es Salaam Maritime Institute	13 389	1 640	1 266		1 460	4 366
TAN 066	Various small support schemes		271	101			372
TAN 077	Local scholarships		275	184			459
	<i>Sub-total, tertiary education</i>	<i>143 232</i>	<i>28 023</i>	<i>29 199</i>	<i>49 624</i>	<i>52 500</i>	<i>159 346</i>
Primary, Secondary Education							
TAN 082	World Bank: NETF	13 000		5 000	12 000	26 000	43 000
TAN 084	Secondary education master plan					1 463	1 463
TAN 104	UNICEF: Primary and Basic education					13 000	13 000
	NORAD Volunteers	36 372	10 520	9 311	9 798	5 159	34 788
	<i>Sub-total, primary and secondary</i>	<i>49 372</i>	<i>10 520</i>	<i>14 311</i>	<i>21 798</i>	<i>45 622</i>	<i>92 251</i>
Education, Grand total		192 604	38 543	43 510	71 422	98 122	251 597

Source: NORAD aid database

Primary and Secondary Education: Changes Outside the MoU

Most Norwegian volunteers worked as teachers in private secondary schools. This costed around NOK 10 million a year during the 1990s till this support began being phased out in 1997. Parallel to this, Norway supported a National Education Trust Fund, NETF, for private sector secondary schools, managed by the World Bank. NOK 3 million was provided in 1991 and a further NOK 10 million in 1993. From 1994 through 1997, NOK 43 million was added, before support ended in 1997. The support was not extended, as the results of the NETF were unsatisfactory.

Instead, after the Social Summit of 1995 in Copenhagen, the Embassy was told to provide support to primary social sector services in line with the Social Summit "20-20" objective. NOK 13 million was provided as co-financing to UNICEF's basic and primary education programme while an additional NOK 1.5 million was provided for developing a master plan for secondary education. Though so far limited, support to primary and secondary education is not in line with the MoU, but the funding is continuing and may be increased.

Focus on Higher Education: Weak Rationale

Sustainable economic growth clearly depends on the availability of higher-level skills. Tanzania faces a genuine crisis at higher education level, where enrolment rates are just one percent of the relevant age cohort. But unit costs are extremely high, and expenditure ratios between tertiary and primary education are much higher than the African average.

Norway's focus on higher education is contentious, partly due to the massive needs in primary and secondary education, but also because the priority given to higher education is not well explained in available documents. There is no analysis that shows how Norwegian support fits into an overarching strategy for human resources development, or sustainable growth, or within the context of donor co-ordination. The acceleration of Norwegian aid during 1996 and 1997 is in fact somewhat difficult to understand in light of the studies published in 1994 and 1995 on returns to public investments in the social sectors (see box 6.1). One of the findings was that the benefits from public expenditure in primary education was evenly distributed across all income groups, while the benefits from tertiary education all went to the wealthiest 20% of the population. Furthermore, moving one dollar from university education to primary education would increase the social rate of return by 23%.

Table 6.2 Average Public Recurrent Expenditures/Student (1995 TSH)

Education Level	1991/93	1993/94	1994/95	1995/96 (Est)
Primary education	8,287	8,637	12,547	8,779
Secondary education	108,676	106,681	98,343	56,343
<i>Secondary:primary exp ratio</i>	<i>13:1</i>	<i>12:1</i>	<i>8:1</i>	<i>6:1</i>
Teacher training	202,802	159,805	151,473	70,319
<i>Teach.train:primary exp ratio</i>	<i>24:1</i>	<i>19:1</i>	<i>12:1</i>	<i>8:1</i>
UDSM	1,878,406	1,410,660	967,211	940,883
<i>University:primary exp.ratio</i>	<i>227:1</i>	<i>163:1</i>	<i>77:1</i>	<i>107:1</i>
Enrollment:				
Primary schools	3,507,384	3,732,943	3,793,201	3,872,473
Secondary (public)	78,66	82,964	83,441	92,066
Secondary (private)	97,116	97,935	102,805	104,309
Teacher training	14,051	15,824	16,252	16,388
UDSM	3,025	2,937	3,112	3,877

Source: World Bank Public Expenditure Review 1997, Vol. I, table 4.8 page 48

The impression is that aid continued because the institutions have been supported for a long time and thus have strong support both in Norway and Tanzania. No

analysis was done either in the Country Strategy or by sector staff to critically assess alternatives to Norwegian aid to higher education.

Box 6.1 Public Expenditure and Social Sector Reviews

The 1997 Public Expenditure Review – the third one done on Tanzania – notes that Tanzania spends quite a small share of its GDP on education, but is more in line with neighbouring countries when it comes to health. The gross enrolment rates in Tanzania are much lower than in Uganda, which spends a similar share on education, pointing to some possible efficiency problems with Tanzania's expenditures. But they also show the enormous challenges the country is facing: enrolment rates are now lower than they were ten years ago, and the national efforts to address primary social service coverage is not satisfactory.

Table 6.A.1 Public Expenditures, Health and Education compared with Outcomes, Tanzania and neighbouring countries, 1993

Country	Prim'y gross enrollment rate, %	Sec'y gross enrollment rate, %	PubExp, Education, % of GDP	IMR, deaths/1,000 live births	PubExp, Health, % of GDP
Tanzania	71 %	6 %	2.8%	84	1.8%
Kenya	92 %	28 %	6.8%	59	1.3%
Uganda	99 %	17 %	2.9%	122	0.9%
Ethiopia	27 %	12 %	4.9%	120	1.9%

Source: World Bank 1997 (PER, vol I), table 4.5 page 45.

The 1994 PER presented an analysis of social sector expenditures using 1993/94 household expenditure data from the Human Resources Development Survey. UDSM and the Ministry of Higher Education, Science and Technology have also carried out unit cost studies for higher education. These figures are given in text table 10.2. These and other studies point to high positive externalities from primary and secondary education due to improved general literacy and numeracy, improvements in health due to understanding of hygiene and sanitation issues, and from declining fertility rates due to higher education of girls. Returns from university education, on the other hand, are almost fully captured within the higher incomes of the graduates. The 1993 Labour Force Survey reaffirms these findings. When looking at the UDSM-to-primary education cost ratios, it should be noted that comparable ratios in Africa are 45:1, in Latin America 7.5:1, North Africa and the Middle East 8:1, and in industrialised countries 2.5:1.

The Tanzanian figures are to some extent distorted by very low level of primary education expenditures. What is noteworthy, however, is that parents pay about 40% of total primary school expenditures. This is very similar to the situation in Zimbabwe, where poor rural households paid a similar share of real expenditures, while university students made a negative contribution to their costs due to the highly subsidised scholarships and loans they received.

The World Bank estimates that the average *private* rate of return to investments in education in Africa is 41% in primary, 27% in secondary and 28% in tertiary education. The *social* rates are much lower – 24%, 18% and 1% respectively, so the *difference* between private and social returns are the highest for tertiary education. Donors fund about 14% of all education expenditures and 29% of all health costs. Of the education funding, 45% goes to the tertiary level and only 43% to primary. While donor funds make up 11% of tertiary education expenditures, they only contribute 8% at primary level.

From Infrastructure Development to Institutional Cooperation

Institutional development and capacity strengthening are key aims and strategies in the MoU and for support to the education sector. The concept of institutional development has never been clearly defined, but was often used to mean organisational development (see MFA Evaluation Report 5.98). Various forms of capacity development have taken place in all programmes. At the most concrete level, institutions have been physically built and equipment provided. Infrastructure

support has been a major component of Norway's assistance, and NORAD is praised for its willingness to assist in this way, as most donors are reluctant to do so. Most efforts at this level have been successful.

The other dominant mode of capacity development has been staff training and upgrading (Master and Ph.D. scholarships), curriculum development, research, and education of an increased number of students. Efforts at this level have been successful, though costly. There has been much less emphasis on organisational devel-

opment through strengthening structures, processes and management systems. The systemic or strategic dimensions of institutional development have been missing. The links and interactions between the institutions of higher learning and the changing sectors within which they operate have also not been sufficiently addressed.

The strategies for technical cooperation have changed significantly and are now based on principles of recipient responsibility. There are no expatriates on long term contracts in any of the programmes, and technical support is provided through institutional cooperation between like-minded institutions in Norway and Tanzania – a collaboration that has been going on for more than 20 years. Except for IDM and research cooperation through NUFU, the level of institutional collaboration today is reduced. With the local institutions in control of budgets and funds from NORAD, the use of Norwegian institutions is found extremely costly compared with regional alternatives. The increased scope for national ownership in Norwegian funded programmes is highly appreciated by Tanzanian counterparts, though. It is clear that NORAD is considered as one of the “better” donors in terms of willingness to listen, not impose its own views, keep to deadlines, be flexible, and encourage national ownership of programmes.

Incremental Expansion and Frame Agreements

Norwegian support has expanded both in terms of number of programmes and volume, but old programmes at SUA, UDSM and IDM remain, though packaged differently. NORAD has followed an incremental strategy where new components are included or new programmes are started without phasing out activities that in many cases have been funded for 20 years or more.

A major achievement is that frame agreements have been developed with SUA, UDSM and IDM during the last couple of years. While support was previously focused on individual departments and institutes, the new frame agreements strengthen them as institutions through long term and more flexible support, taking into account both infrastructure, academic, organisational and strategic dimensions. The managerial and financial responsibilities were also taken over by the institutions in line with the principle of recipient responsibility.

Missing: Framework for Sector Support and Donor Co-ordination

The frame agreements have moved interventions to the institution level, but there are still no coherent educational sector policies and priorities to ensure fair distribution of donor support across levels and institutions.

“Education Sector Development Programme: Medium Term Strategic and Programme Framework 1998-2003” represents the basis for future educational development. The document builds on the Education and Training Policy (1995), the Civil Service Reform and Local Government Reform Programme policies and plans, and so far it covers primary and secondary levels. The linkages and interdependencies are not yet sufficiently addressed between levels and reforms. The aim is to shift to a sector-wide approach driven by achievement of policy objectives, outputs and targets as opposed to a project approach which focuses on operational activity and input accounting. Norway has participated in these discussions and provided funding to the Masterplan for Secondary Education.

Satisfactory Performance - Uncertain Impact

The reports from the research and education programmes are primarily activity oriented. The Logical Frame Approach has been introduced in most project documents with monitorable indicators, and achievements at output level are to a large extent satisfactory. This means that inputs are delivered, activities are implemented and outputs produced in terms of new candidates, improved infrastructure, new equipment, etc. On the other hand, there is a lack of data at outcome and impact levels. The information given is largely impressionistic regarding relevance and short and long term benefits.

The various components have been designed separately. There is no concept paper which brings the various components together as “integral parts of an overall programme for the sector”, as specified in the MoU. At the same time, though, most of the programmes have adhered to standard programme cycle procedures and requirements, such as carried out appraisals and put in place activity and financial monitoring systems.

High Quality and Costs - Questionable Relevance

The long-term support to SUA, IDM and the Engineering and Science Departments at UDSM has produced high quality products in terms of infrastructure, staff development, equipment, and output of students. But this support has been costly. Unit costs are high (see table 6.2), and cost effectiveness low in most of the education programmes.

An evaluation of SUA (COWIConsult 1998) noted that SUA support was “an expensive, but rather successful capacity building effort” in terms of staff development, infrastructure support and training, but with limited implications and impact within a broader University perspective. The collaboration had supported areas that were not central to agricultural sector needs. “The magnitude of support indicates that a lot more could

have been achieved in order to optimise relevance and benefits...to Tanzania's agricultural development, if other priorities had guided programme efforts." Equally worrying is a recent tracer study (Pangeti 1999) that shows that SUA graduates do not have the skills to meet the demands of a changing job market, in particular in the private sector. SUA has not sufficiently adjusted their programmes and curricula to the fact that the government is no longer the only employer.

There is less information on IDM and UDSM to assess overall relevance. The UDSM transformation programme has just begun, but is addressing highly relevant issues. IDM was a practice-oriented and work-related institution that could easily be a key actor in the public sector reform process, where focus now is on quality of service delivery, and thus training and retraining of civil servants. Yet there is little evidence that IDM in a proactive manner has exploited its current comparative advantages in the context of public service reform. It seems more concerned with becoming a university for management sciences and gain academic reputation nationally and internationally.

High Institutional, Low Financial Sustainability

Financial sustainability of educational institutions depends on the country's overall performance and political priorities. The prospects for sustaining activities at the current levels are poor in all three institutions. The continued high levels of Norwegian support may in fact have contributed to reducing both the institutions' and the state's incentives to identify alternative sources of funding. Not enough has been done to develop a long-term strategy for how the costs of higher education can be shared between students, the public, and other sources of financing, though UDSM has done some work in this area. The Completion Report of the Dar es Salaam Maritime Institute, which was phased out in 1997, indicates, however, that it has performed better than expected after external support was phased out. On the other hand, Norwegian aid has contributed to increasing the organisational and professional skills among staff, which is an important step towards overall sustainability.

NORAD and NUFU: Requires Improved Co-ordination

Most funds to higher education come via the country frame. NUFU provides more than NOK 5 million a year to these same institutions for research activities. The appraisal of the UDSM frame agreement notes that NORAD and NUFU are not well co-ordinated, creating confusion for some UDSM staff. NORAD and NUFU do not have common reporting formats and requirements, and streamlining of the frame agreement is required where typical research oriented projects are

transferred from NORAD to the NUFU programme. In addition to being invited to annual meetings at UDSM, there is a need for improved mechanisms for co-ordination and communication between NORAD, NUFU and UDSM – issues that now are evidently going to be addressed.

Gender: Improving, but not Good

NORAD has actively promoted the gender dimension, and most higher education institutions have targets for improved gender equity. Actual achievements have so far lagged behind. On the other hand, there has been little Norwegian support that may *empower* the women themselves to improve their roles and situation.

6.6 Health Sector Support

Norway's assistance in the health sector was to focus on support to Tanzania's Aids programme. During the period, as noted earlier, NORAD has also been instructed by the MFA to include support to primary health care.

MUTAN: Norwegian Driven Aids Support

The major activity was Norway's support to "the Norwegian-Tanzanian Aids Project", MUTAN. It was a five-year programme starting in 1989, based in the Arusha and Kilimanjaro regions, with a possibility to extend it by a further five years. It was to carry out applied research that was to feed into the National Aids Control Programme NACP, with an original budget of NOK 50 million.

The University in Bergen, UiB, was the Norwegian partner and responsible for the research work. Funds were channelled through the UiB, not through Tanzanian institutions, so many referred to MUTAN as a Norwegian NGO. MUTAN in fact built up its own organisation parallel to the existing regional medical structures, so not only was this set-up in itself not sustainable, but with the high wages that MUTAN paid, it undermined local efforts by hiring critical local skills. Sophisticated equipment for HIV-typing remains unused at the Kilimanjaro Christian Medical Centre because the operating costs to do such analyses are too high for Tanzania.

A review carried out in 1992 noted the valuable research being undertaken, but was also quite critical in a number of fields. There was a lack of cross-sectoral cooperation, and too little attention to skills development and intervention compared with research. The skills development taking place was too academic with too little training of local technical professional and administrative staff. There was too little attention/intervention being paid to high-risk groups, and the

administration was top-heavy with a poorly designed management structure.

A greater problem was that MUTAN was never well integrated into the NACP. With an annual budget of NOK 9 million, MUTAN was the largest single Aids activity in the country, but was not even noted in NACP's annual budgets and reports. As of 1994, NORAD could not see that the research results from MUTAN were having any impact on the national Aids program. There are no references to the research results in Ministry of Health plan documents, the Ministry did not seem to have the capacity to absorb the results, and the dissemination of the work was poor.

Gender: No Clear Analysis or Intervention

The gender dimension of the HIV/Aids problem in Africa is complex. Many of the problems faced by women are due to the traditional gender roles that leave women in a very vulnerable situation. A comprehensive approach that also targets men and their responsibilities is required if women's situation is to improve. This dimension was poorly addressed in MUTAN, though there was collaboration with a key AMREF project that targeted high-risk groups in the area, such as truck drivers, mine workers and workers on plantations.

Key Decisions: Tanzania Poorly Involved

The review undertaken in 1992 was done with Norwegian personnel, and Tanzania was later only asked to provide comments. The general comments from Arusha, Kilimanjaro and UDSM reflect great irritation at a donor-driven attitude in the review report, and see this as neither compatible with the MUTAN agreement nor in line with the overall NORAD policy of recipient responsibility.

A year later, NORAD carried out an appraisal of Tanzania's request for a five-year extension of MUTAN. The team was again all-Norwegian, and recommended that the project not be extended. The report was given to NORAD in October 1993, but neither UiB nor Tanzanian officials saw it before the decision not to continue was made by NORAD and then simply conveyed to the other parties five months later.

While Norway's handling of the dialogue around MUTAN was criticised, there were considerable contradictions on the Tanzanian side as well. The Ministry had expressed strong reservations about MUTAN, yet requested a five-year extension. The sustainability of MUTAN was obviously weak given the structuring of the project and the wages being paid, yet Tanzanian officials were the ones pushing for maintaining or increasing these levels. NORAD therefore found itself between a rock and a hard place – principles of recipi-

ent responsibility butting against the reality of rent-seeking civil servants.

Continued Aids Support: What Basis?

Norway stated that it would maintain its financial support to Aids work at the same level as with MUTAN. The dilemma discussed inside NORAD was how this could be done well, since health was not a priority sector under the new country strategy. It appeared difficult to maintain high support for Aids work without other forms of interaction in the health sector. The decision by Sida to phase out its Aids funding completely when it pulled out of the health sector was given as an example.

Norway decided to continue assisting, however, by putting money into NACP as of 1997. Denmark in the meantime cut its NACP support, due to its dissatisfaction with the organisation and lack of results. Norway had participated in a general review of the national Aids programme, and came away with mixed impressions of the work being done. It did not have staff time to focus carefully on the sector, however, so the fragmentation of Norwegian assistance coupled with a general desire to contribute in the area may have pushed Norway into financing an activity with limited impact.

In addition to the large programmes, though, Norway also funded a series of NGOs that provide counselling, information and other intervention services to various target groups. These activities are generally seen to be effective and of great help to those being reached, and in particular the AMREF project targeting high-risk groups is seen to be a success.

6.7 Environment and Natural Resources Management

The objective in this sector was to promote sustainable economic development that safeguards the natural resource base of the country. There was need for a coherent environmental policy and legislation to ensure co-ordination among the main ministries concerned with the environment. This would provide more information pertaining to the state of the environment and help regulate the activities of the private sector insofar as the utilisation of the environment is concerned as well as the issue of waste management.

Framework Agreement: Comprehensive

The sector agreement programme signed in December 1992 was to support this objective through institutional capacity building; the promotion of efficient utilisation of resources; infrastructure development, and promotion of community development and participation. Assistance was provided for capacity building in

public institutions that are charged with facilitating better management of the environment and natural resources. Originally this was the Division of the Environment in the then Ministry of Tourism, Natural Resources and Environment, MTNRE, though this was later transformed into the Environment Division and transferred to the Vice President's Office, VPO (the Ministry was restructured as the Ministry of Natural Resources and Tourism). Other activities were to chart out clear spheres of responsibility to avoid duplication and overlap and consolidate a smaller number of institutions. Efforts to develop a National Environmental Policy in cooperation with the National Environmental Management Council, NEMC, were intensified. Guidelines and streamlined procedures for Environmental Impact Assessments, EIAs, were prepared. Instruments to control pollution and the use of natural resources, and an environmental information network, were developed. Measures to generate greater public awareness of environmental issues in cooperation with the private sector, voluntary organisations and schools were assisted.

In addition came projects that were addressing specific needs at the community level. This included an ongoing agro-forestry project in Shinyanga implemented by NGOs HASHI/ICRAF, and a catchment forest project that developed the relations to decentralisation policies, legislation, institutional spheres of responsibility and the MTNRE's own strategies. The development of the Serengeti Regional Conservation Strategy was supported, as was the Ngorongoro Conservation Authority and the College for African Wildlife Management, CAWM, at Mweka. Smaller activities supported the Mafia Island Marine Park and a mangrove forest project. As noted earlier, the Lower Kihansi power project had an EIA carried out with Norwegian financing.

Supplementary Activities: Enriching the Picture

The special environmental allocation was used more systematically to support the country programme's environmental components through measures such as pilot studies. The NGO allocation funded minor projects relating or contributing to the sector/programme, such as a pesticides study by a local NGO, support to the Journalists for the Environment in Tanzania, a wood energy study, environmental degradation study and others. Volunteers were also used to strengthen components in the environment sector.

Budgetary Allocations: Largest Donor

Norway is the largest donor in the environment and natural resources sector. Its assistance in 1994 amounted to just under NOK 4 million, but had increased to NOK 23 million in 1996. Some environ-

mental activities were classified in the primary sector, adding about NOK 4.7 million in 1997 (annex table 1).

Capacity Building: Key Institutions Supported

The institutional assistance went primarily to the Planning Division in the then-MTNRE and the Environment Division in the Vice President's Office. However, in the course of implementing the programme, other institutions have also benefited in terms of capacity building, such as the HASHI/ICRAF agro-forestry project in Shinyanga, the catchment forestry project; the Serengeti regional conservation strategy, Ngorongoro conservation authority, the Mweka College and the Mafia Island Marine Park.

The main co-operating institutions have indeed seen their technical and operational capacities improved. Staff training, infrastructure improvements and equipment and supplies have had an impact on the co-ordinating institutions to plan, co-ordinate and monitor. The assistance to the Wildlife Division of the Ministry as responsible for increasing the capacity and technical competence of staff at CAWM has also led to better syllabi and curricula, improved staff training and thus better teaching. As a result, there is now clearly more local control and decision making.

Field based activities have seen their capacity improved through support to infrastructure facilities and field equipment such as vehicles, scientific instruments and office equipment. The support to small activities as Journalists for the Environment, JET or local NGOs such as ENVIROCARE and Frontier Tanzania have expanded their capacities. While these are small activities, their impact on the ground range from immediate to long term. The activities of JET in terms of information, awareness and even local capacity building within itself are significant.

The National Environmental Policy: Evolving

A key process has been the development of the national environmental policy. The efforts commenced early 1993, and the first draft National Environmental Action Plan, NEAP, was presented by the Environment Division, DoE, in the Vice President's Office in 1994, followed by the National Conservation Strategy for Sustainable Development the same year.

In 1997 the National Environmental Policy followed, again presented by DoE. The delay was due to some of the weaknesses within the Tanzanian structures, such as unclear mandates and institutional overlaps. This hindered the smooth implementation of environmental policies and procedures such as co-ordination and enforcement of environmental regulations. Moreover, linkages from the centre to decentralised structures at

district levels were weak. Together these problems have weakened the implementation of some activities.

Streamlining the public sector institutions involved in natural resources management and the environment thus remains an important task. It is encouraging to note that this matter has been recognised and is currently being addressed through the Institutional and Legal Framework for Environmental Management Project - IFLEMP.

EIAs: Guidelines Improving but Still Weak

Up until the end of 1997 Tanzania still lacked firm Environmental Impact Assessment, EIA, guidelines and procedures. Although a set of EIA procedures had been suggested, it was not clear how these would be articulated since the necessary legal framework was missing. This meant, for example, that the Lower Kihansi hydropower project started up without an EIA, though Norway later funded such a study directly. Norway also funded EIAs for the Rufiji Prawns project and the Songwe-Tunduma road rehabilitation project. An internal NORAD review notes, however, that EIAs are not as tightly integrated into Norwegian programming as should be expected, that the quality of the EIAs is lacking, and that they are still having limited operational impact. This is part a function of Tanzania itself not yet integrating EIAs into its decision-making processes.

Training in EIA and environmental economics is poor. A staff member at the Institute of Resource Assessment at UDSM has received training, and has given a series of short courses at the Institute. Some components of the degree courses being offered are being revised. There is little local capacity in environmental economics, but it is being offered as small sections in current economics or environmental management courses at UDSM, SUA and MCWD.

Largely as a result of failing to enact EIA legislation and apply environmental economic instruments, there is still no control over pollution and environmental degradation. Generally, there is little understanding about the possibilities of controlling pollution and other degradation through the use of EIAs and economic incentives such as "polluter pays"-principles or environmental valuation methods to inform better decision making.

Public Environmental Awareness: Significant Growth

Public awareness on environmental issues has undergone significant growth. One source has been the public awareness component of various activities such as the Shinyanga HASHI Project, the mangrove forest projects, the Serengeti regional conservation strategy,

and even the not so successful catchment forest projects or Mafia Marine Park. Public awareness was further enhanced through the work of environmental NGOs such as Envirocare and in particular JET.

Crosscutting Issues: Co-ordination and Gender

Although it cannot be said that a firm environmental information network is in place, an informal framework is in place and functioning. This was largely a result of the meetings and workshops carried out by many of the Norwegian funded projects. Thus between 1994 and 1997 most of the key players in the environmental sectors and crosscutting ministries were communicating at different levels.

In general, the gender component is not very explicit. Through experience, the HASHI project in Shinyanga has had to take this into account, leading to positive impact on the ground. In contrast, the Mafia Island Marine Park project completely failed to take the gender dimensions into consideration and this also contributed to its poor performance. In other areas there were mixed results.

Community Participation: Uneven Results but Positive Process

The HASHI/ICRAF agro-forestry project in Shinyanga is to improve people's awareness on environmental issues, reduce significantly man-made degradation of biological systems caused by over-exploitation, and solve the existing problems of serious land degradation and desertification through reforestation and agro-forestry. There is an impressive range of community based activities and local communities enjoy tangible results, especially fuelwood in this fuelwood starved area. There is a greater degree of general awareness of environmental degradation, its causes and effects, right from primary school to higher levels, consequently there is also a higher degree of participation. There has been training and improvement of equipment, but the challenge of shifting management and decision-making increasingly to local authorities remains.

The Mangrove Forest Project aimed at enhancing the contribution of the mangrove ecosystem to the economy through better (sustainable) management and use of mangrove forest resources. It sought to achieve this by promoting conservation, protection and sustainable utilisation of the mangrove forest resources among the local communities. This is a successful project as the staff was competent and the management plans were being adhered to. However, there were also signs of inadequate community participation/involvement despite the efforts of the project management. This appears to be due to a top-down project management

approach that authorities in the forestry sector were still trying to break away from during this period.

The Serengeti Regional Conservation Strategy sought to involve the local communities in wildlife management and conservation so as to improve their quality of life, reduce poaching and other unsustainable uses of natural resources. There has been an increase in benefits from wildlife in the villages and some degree of village participation in conservation was realised that contributed to a reduction in poaching. Some village land use plans were developed. However, many of the achievements were marred as a result of slow implementation of the project and management difficulties. The infrastructure component has been criticised for being of poor quality. Overall, the project contains aspects both of “best practices” and “how *not* to” as far as community participation in natural resources management is concerned, and thus an important step forward.

The Catchment Forestry Project was to improve the management of protected catchment forests in Arusha, Kilimanjaro, Tanga and Morogoro regions through reducing interference in the hydrologic cycle, watershed areas and practising management of natural forests by local communities. There have been problems with local community participation, and this objective was clearly not realised. This is largely due to old fashioned and impractical forest management practices, where most of the natural resources managers in both wildlife and forestry management are of the old *police and patrol* school that excludes the people from resource management. It was unrealistic to expect that the same individuals could suddenly implement resource conservation *with* the people, as local communities would not trust them. It is also clear that where some degree of participation was realised, this was largely passive. Finally, this attempt was made in the absence of a policy framework that supported community involvement.

The Framework Agreement: Important Progress

Most activities began as individual projects, and the process of incorporating them into the framework agreement took longer than expected. There is now more focus on involvement of local government and capacity building, but more importantly it has given local stakeholders responsibilities for administering, co-ordinating and managing projects.

Overall Impact: Very Positive

The overall impact of Norwegian support in this area is very positive. Support has been comprehensive and strategic, providing assistance to key actors to strengthen their role in establishing the framework for

national management of natural resources and environmental matters. In this area Norwegian support has thus clearly contributed to sustainable institutional development. A number of the projects are generating important experiences where components can be learned from or replicated by other actors, as there is an active information dissemination and discussion taking place through the project workshops. Information sharing and learning by local actors based on their own interpretations of the experiences is hence another sign of sustainable impact. Public awareness through support both to specific activities such as EIAs and to media that can transmit this information, such as the Malihai Club and JET, is generating popular support for a more pro-active environmental stance, which is ultimately what an implementable national environmental policy requires.

6.8 Culture

Norwegian support to cultural activities exhibits the weaknesses and strengths of NORAD's special funds. Since the funds are locally managed and quite general in terms of target groups or activities, they can be flexibly managed – and are. The turn-around time on applications can be extremely short, and a wide range of seemingly worthwhile activities have been supported. The downside is that funds have been scattered across many actors and activities with few longer-term results to point to. With a block grant that must be spent within a year, considerable administrative time is spent sifting through a large number of small applications and activities to ensure successful disbursement by the end of the year.

Norway had decided on supporting the Publishers' Association of Tanzania, PATA, as a means of developing a more independent publishing industry. PATA received support for at least four projects during this period, but they were separate activities that required a separate decision, documentation, reporting, etc. – a tremendous drain on both parties' time. On the other hand, cultural institutions that are key to Tanzania's capacity development and institutional memory in this area, like the Bagamoyo College of Arts, have only received intermittent support. A framework agreement was finally signed between arts institutions in the Stavanger area and Bagamoyo in 1998.

6.9 Summing Up

- Support to the traditional infrastructure sectors of energy and roads has largely been successful, in part due to good framework agreements that ensure a comprehensive approach to sector activities.

- Support in the other infrastructure areas have either been phased out – harbour, railroad, mapping – or support has been provided through UN agencies – water. No results reporting has been found on the latter.
- Support to education and research has been the fastest growing component of the cooperation programme, but also one of the most contentious. The justification of the heavy involvement in higher education is seen as poor, and the existing socio-economic studies point to high unit costs, lower social benefits than to primary education activities, and concentration of benefits among the best-off segments of society.
- Support to the MUTAN Aids project was disappointing and discontinued. The National Aids Control Programme is also not a strong programme, however, and Norway's ability to monitor performance when it is otherwise not involved in the health sector is questioned.
- The environment natural resources sector is seen as the one field where Norway has succeeded in establishing a comprehensive programme with the Tanzanian authorities that address overarching framework issues as well as promoting important activities on the ground. But while the process and overall structure is good, the quality and use of key tools like Environmental Impact Assessments still is seen as lacking.

7 Crosscutting Issues

The strategy had an ambitious agenda of crosscutting issues. Some addressed general dimensions such as the principle of recipient responsibility, focusing aid within sectors, and improved aid co-ordination. Others were thematic concerns like gender, institutional development and capacity building. In addition came concerns with the channels of assistance, such as NGOs and the volunteer service. This chapter reviews some of the major crosscutting issues.

7.1 Recipient Responsibility

The MoU notes that “the Norwegian Delegation stressed... that the principle of recipient responsibility is central to Norwegian development assistance responsibility and that this principle also applies to cooperation with Tanzania”. The MoU then goes on to specify five minimum requirements that “must be applied in connection with every measure that is financed through development assistance”:

- all development assistance on a government-to-government basis should appear in the fiscal budget;
- all measures planned should originate from the country’s own priority plans;
- agreements... should clearly specify Tanzania’s commitment in terms of financing and personnel;
- agreements should specify the responsibility and obligations of the parties concerned with regard to performance and financial reports;
- project objectives and targets should be clearly defined.

At the same time, three factors are given that are likely to impede the implementation of the new strategy: (i) the transition/transformation of the country is likely to “complicate” cooperation, (ii) the inefficiencies and weak institutions which “to a large extent” characterise Tanzania’s public administration, and (iii) corruption. In relation to corruption, the MoU notes this is increasing and that there is therefore a need to strengthen and develop mechanisms and institutions to check and correct it.

Recipient Responsibility: Tangible Progress

A number of steps have been taken to implement the principle of recipient responsibility. The overall programme has become more Tanzanian and less Norwegian by reducing the number of Norwegian experts in

the field. From a high of some 90 technical staff in the late 1980s, the number has been reduced to just one by 1998. Funds and the responsibility for their use were transferred to different Tanzanian groups and organisations, where the new framework agreements contain such handing-over of financial responsibilities. A rising share of Norwegian aid is reflected in the Tanzanian budget, from around 13% in 1996/97 to over 70% in 1997/98, which is an impressive improvement.

The emphasis on recipient responsibility was manifest in the importance given to capacity building in the strategy. This was to be complemented by providing resources to political and administrative reform and the election process. There have clearly been systematic efforts at getting the Tanzanian institutions to take greater ownership of the activities and objectives.

The Strategy Itself: Lack of Recipient Responsibility

At the same time, neither the strategy process nor the contents were based on genuine dialogue and recipient responsibility (see chapter 9). This is a serious flaw, because it becomes impossible to know to what extent this overarching principle is really understood, accepted and “owned” by the various Tanzanian parties to the development cooperation. If it is not, the concept becomes fundamentally a contradiction: an idea of the recipient assuming more responsibility through an imposition by the donor. As will be noted in chapter 9, the knowledge and use of the Country Strategy on the Tanzanian side is limited. On the other hand, NORAD has systematically pursued this objective in all its formal dealings with Tanzanian authorities and other cooperation partners, so the concept itself is becoming better known and understood, and in fact appreciated (see for example the previous chapter on higher education).

The real problem, however, is that such an objective has to be pursued as a *systemic* one. It is meaningless for one donor to insist on principles of recipient responsibility if this is either not desired by the recipient, or is not shared by the other donors. Only when this or similar approaches such as the partnership concept are developed by the important actors *jointly*, does recipient responsibility gain real content.

As in some other areas, Norway developed a good and relevant concept, but did not elaborate an operationalised strategy for systematically pursuing it, nor looked much beyond the simple bilateral dimension of it. It has been a supporter of the various initiatives that have pushed this idea forward (see the next section).

Performance Gap: Little Corrective Action

The MoU states that “the principle of recipient responsibility reflects a general goal and direction, (and thus) the implementation of this principle should be adapted to each individual recipient country”. This caution was required due to the three factors that were likely to impede the implementation of the new strategy. The need for organisational development and capacity building was, after all, grounded in the knowledge that many Tanzanian institutions to which Norwegian aid funds were given were not sufficiently equipped to implement the projects as agreed. Problems thus arose even at the simple level of financial management and ability to account for funds. There were cases of funds going astray with NORAD having to spend additional funds on external auditors, of cost over-runs, and of projects even having to be closed down because of an inability to account for all funds provided. The *financial* amounts involved could not be established, and it is not clear that it is significant, as over time a number of the issues were sorted out, such as in the roads sector.

The problem of recipients not being able to perform as agreed has only partially been addressed. The Embassy has spent considerable energy improving its internal aid management procedures. But not enough was done to restructure activities when the recipient did not perform. More efforts should have gone into defining incentives for recipient institutions to improve performance, and a more gradual handing-over of responsibilities based on monitorable criteria would have been helpful rather than the “lump-sum” transfers. Such a *process* approach to capacity building is considerably more demanding of Embassy staff time, however. This problem is compounded when the programme itself is so fragmented as is the case in Tanzania, since the process approach requires good knowledge of the sector and the institution in question if at the same time the recipient responsibility principle is to be respected.

Growing Corruption: Role of Civil Society

While the Government addressed some of the sources of corruption through the privatisation of para-statal, the restructuring of the National Bank of Commerce etc., this by itself does not seem to have reduced the *levels* much during the 1994-97 period. The team of Tanzanian experts that is preparing the Government’s “Vision 2025” paper says in the draft version from

May 1998 that “over time and particularly in recent years, there are indications that there is a risk of cracks in social cohesion and national unity taking shape. Corruption and other vices in society have been on the increase.”

The media, members of the business community, NGOs, and some officials themselves point to the lack of accountability and high degree of apathy - or perhaps resignation - with respect to this issue, especially in the public sector at both the local and national level. The country strategy recognises the importance of not only supporting capacity and institution building in the public sector, but in encouraging the democratisation process as a means of strengthening the self-correcting mechanisms that a strong civil society can lead to. Yet the support to organisations that could legitimately contribute in this area has been limited, as noted in chapter 5, and is perhaps one of the weakest points in the implementation of the strategy.

7.2 Co-ordination

The MoU makes reference to co-ordination in two ways. It emphasises the need to integrate Norwegian assistance with Tanzania’s own efforts at the sub-sectoral level, including financial co-ordination. And it notes the need in future negotiations for “care to be taken to facilitate the co-ordination of Norwegian assistance with that of other donors”.

Donor Co-ordination: Positive Developments

During the 1994-97 period, the record of donor co-ordination in Tanzania and of Norway’s role has been positive. Perhaps the most important development was the establishment of the Group of Independent Advisors, the report it produced and the follow-up that has ensued. This group was established as a response to the near-crisis in Government-donor relations in the early 1990s due to the growing corruption. The Group was itself a co-operative outcome between Tanzania and leading donors, and in particular helped to bring the Nordic group of donors closer together, where the most tangible outcome was the establishment of the Nordic Initiative. This Initiative has in turn led to the development of a wider partnership approach to aid across the donor community. Text box 7.1 provides the background to and summarises the main parts of the report of the Independent Group, while text box 7.2 describes the related Nordic Initiative.

Box 7.1 The Helleiner Report

In mid-1994, Denmark took the initiative to form a group of independent advisers on development cooperation issues between Tanzania and its aid donors. This was done in the context of growing concern at the increasing level and low impact of aid to Tanzania, and the evidence of increasing corruption. The group was chaired by professor Gerald K. Helleiner of the University of Toronto, Canada. The report and recommendations of the group were produced in 1995 and came to be known as the *Helleiner Report*. It focused on the “crisis in the aid relationship” and addressed the issue of ownership, donor co-ordination, and effectiveness and responsibilities of the Government of Tanzania.

In the Group’s view, a critical problem was that the Government had lost its sense of direction. It had “little sense of ownership of its major programmes”, while the Government was critical of donors’ impatience and the manner they “drive programmes”, “intrude excessively upon matters of domestic policy reform” and do not trust Tanzania. The Helleiner report suggested that in the medium to longer term aid could be reduced, but it warned against reductions if they were to take place “abruptly and without warning”.

The report recommended a move towards greater Tanzanian ownership of aid programmes and processes, where the Government needed to formulate a clear development strategy for the country. The donors must co-ordinate their activities better and harmonise their rules and procedures, while leaving overall co-ordination of development in the hands of Tanzania, focused especially at the sectoral level. Priority is given to political and administrative reforms of Government and to addressing the problems of corruption. The report and its recommendations were broadly welcomed by both sides.

Norway’s Role: Too Passive?

Norway provides active support and participation in important co-ordination processes like the Nordic Initiative. During the follow-up to the Joint Evaluation Mission, Norway took several steps to address the problems that had been uncovered. It funded a special audit of the Investment Promotion Centre (to identify the size of the non-compliance with countervalue payments), and followed up with joint meetings to discuss the consequences of the findings.

Yet the overall impression is that Norway could have taken a more pro-active stance. Norway is still the fifth largest grant donor, disbursing about USD 50 million a year. Sweden and Denmark have aid programmes of similar sizes, and together the three Scandinavian countries provide about 30% of all grant aid. Norway has been a stable partner for Tanzania for over 35 years, and has extensive institutional and personal links with key players in Tanzanian society. It has considerable legitimacy as an actor that has consistently shown respect for Tanzania’s development objectives.

Norway seems reluctant to assume responsibilities. The donor community has established 22 working groups at the sector and sub-sector level. Norway is a member of the groups covering its major sector interests, but is not the co-ordinator of any of them while smaller donors such as Switzerland and Finland have taken on such roles. Norway could in general have devoted more of its resources to cross donor activities, research and policy initiatives, and in general invested more in developing new and innovative initiatives, and taking more risks. This would have been in line with the MoU, which says that Norway’s development assistance should be adapted “more closely to the overall assistance provided to Tanzania, such as by contributing to task-sharing and the co-ordination and concentration of development assistance efforts... (and for) Norway’s own procedures and working methods to conform to standards commonly applied in international development assistance activities.”

Box 7.2 The Nordic Initiative

Following the publication of the Helleiner report, the Nordic group of donors in September 1996 met with representatives of the Government of Tanzania and agreed to establish a **New Nordic-Tanzania Development Partnership**. This is to guide future cooperation, aimed at eradicating poverty and enhancing peace and stability in Tanzania.

The underlying principles of the Nordic initiative are that the partnership has to be effective, sustainable and beneficial to both sides. The conditions for improved cooperation between the Nordic countries and Tanzania should also facilitate improved co-operation with the entire international donor community.

It was agreed that this new partnership should be based on the following five fundamental factors: (i) the Government of Tanzania formulates a clear vision of the future, (ii) Tanzania continues and intensifies its efforts towards democratisation at central and local level and the upholding of human rights, media freedom, popular participation and gender equality, (iii) Tanzania adheres to its commitment to combat corruption coherently and strictly, (iv) Tanzania adheres strictly to achieve macro-economic stability and increased domestic resource allocation, and (v) there is to be continued re-assessment of the role of Government, focusing on core functions, with civic society and the private sector invited to shoulder increased responsibilities and roles.

Several “radical changes” of rules and roles between partners in development were highlighted.

- 0 Tanzania takes the lead in formulating visions, policies, programmes and projects, with Tanzania fully owning the development programmes in the country in terms of planning, design, implementation, monitoring and evaluation.
- 1 Tanzania takes full responsibility of and accountability for the programmes and resources provided.
- 2 All agreed activities should be implemented on the basis of “shared financing”, with the Tanzanian share rising over time. Non-Tanzanian partners should be willing to make long-term financial commitments.
- 3 The partnership implies a willingness to move quickly towards providing budget support to sector investment programmes based on clear and consolidated sector plans and policies.
- 4 The development partnership should only comprise activities which are given priority by Tanzania and are included in the development plan and reflected in the development budget, rather than driven by external partners.

Government-Donor Co-ordination: Uneven Improvements

The Government has taken a stronger role in areas of macro economic management, as noted earlier, by taking over key processes like the PER and PFP preparations. In some sectors, ministries are also taking a stronger lead in developing integrated activity plans with budgets. Implementation often lags, partly for lack of capacity, but also because reforms within the public sector imply shifts in power and access to resources, and is therefore resisted by those who see their own situation as being negatively affected.

The Government has therefore been able to decide on and implement what may be termed “first generation” reforms that address gross distortions caused by general policies. This usually only requires a small group of senior decision-makers in key institutions – usually a President’s or Prime Minister’s office and the Ministry of Finance – to support and then implement.

For “second generation” reforms that require more detailed shifts in structure, functions and quality of public sector services, changes are more challenging. Movement in the social sectors have been disappointingly slow and implementation badly lagging. One reason given is that “there is a lack of funding” – that is, the donors are expected to come up with more resources for the sector. This shows that the fundamental concept of the restructuring – making tough choices in the face of hard budget constraints – has not been internalised and probably is not accepted by important Tanzanian actors.

The New Partnership: Moving Slowly

In January 1997, a workshop of all donors and the Government was held as a follow-up to the Helleiner report. The main achievement of this meeting was to obtain a donor-wide acceptance of the core principles of partnership contained in the Nordic Initiative. The workshop also focused on Tanzania preparing and publishing its Policy Framework Paper (PFP), on

donors renewing efforts to standardise accounting and reporting systems, on attempts to reduce and rationalise donor-Government meetings and reviews, and on the need to review the effectiveness of technical assistance.

In December 1997, a meeting was held between the Nordic group of donors and the Government of Tanzania to take stock of progress made since the September 1996 Nordic Initiative. This was based on the conviction that in spite of the donor-wide agreements reached in January 1997, the Nordic initiative had a "life of its own". In April 1998, the Nordic countries presented a report to the April 1998 OECD/DAC High Level Meeting on the progress of the Nordic Initiative. Progress was noted in relation to the publication of the Warioba report on corruption. Several debt relief initiatives had been launched, and assistance levels had been sustained in the short and medium term. A new Development Cooperation Forum had been established, where high-level Government and donor representatives meet four times a year.

The report also noted that anticipated improvements with regard to democratisation have not taken place, with particular problems experienced in Zanzibar. The follow-up to the Warioba report has been poor, and developments in the education and health sector have been slower than anticipated. The high-level Development Cooperation Forum has so far not delivered much. The intention was that this would be an informal gathering with a limited number of high-level actors where basic policies and new ideas could be presented and discussed. Here new Government initiatives could be floated to see if donors would be willing to support the proposals, while ideas regarding how donor policies and practices could be improved could also be put on the table. Clearly such a Forum will need some time to find its form, and it will also require some time before enough trust has been built between the parties for the actors to really reveal cards they normally would hold close to their chest. A more fundamental problem, however, is that such a Forum may distort the internal policy debate by pushing the Government into a dialogue with the donors on matters it so far has been reluctant to discuss with representatives of its own civil society.

The new Government is seen as losing some of the drive and engagement it had in its reform and dialogue efforts during the first year after it won the elections in 1995. Despite these shortcomings, it is clear that the dialogue and to some extent also practice regarding co-ordination have improved markedly since the low point experienced in the early 1990s. There has been an institutionalisation of dialogue and cooperation that maintains a minimum momentum in the right direction.

7.3 Focusing Norwegian Aid

The MoU states that it is important to focus the activities *within* the various programme areas in order to minimise administrative costs on both sides.

Within-sector Concentration: Major Improvements

During the 1994-97 period, there have been systematic and successful changes in the way activities are structured. In the higher education field, all activities with the three institutions that Norway supports are covered by framework agreements. These frames have shifted the attention away from project outputs to organisational development and capacity building that goes beyond the more limited technical fields where much of the early aid was focused. The framework in the field of natural resources and environment is even more comprehensive, as it addresses truly *institutional* dimensions such as policy frameworks, overarching procedures like EIAs, etc. In the infrastructure sectors, the integration of Norwegian assistance within the Power VI and IRP II programmes also provides frameworks that ensure improved consistency with Government priorities, cost effectiveness, and impact.

As noted earlier, the framework agreements in the field of higher education still have some way to go before one can talk of genuine *institutional* development. Important parts of this are to be addressed by Tanzania's sector strategy work, however, and to the extent that this is successful, the remaining concerns regarding relevance, sustainability and cost effectiveness of Norway's aid can be looked at more carefully.

The major focus on capacity building has also been addressed well in the important sectors, with the notable shortfalls in the area of higher education. But considerable attention has been given to this dimension of the development cooperation, and this clearly has provided a guiding principle for establishing funding levels.

Minor Funds: Still Fragmented

While there have been systematic shifts in the key sectors, some of the small-scale funds still suffer from *ad hoc* decisions. The culture grant exhibits few coherent concerns, and the women's allocation also spreads resources across many different kinds of women's organisations without it being clear what the overarching medium-term goal is. In general it can be said that improvements in the Norwegian programme have occurred predominantly in sectors where overall donor co-ordination is well developed and/or where the Government itself has made strides in developing a strategy. Where Norway faces a less structured environment, it has not itself been very pro-active in defining strategic visions and pursuing them systematically.

New Sectors: High Entry Costs

Over time, Norwegian assistance to Tanzania has changed as a response to the developments in the country and agreements that new activities should therefore be supported. In the country strategy, the support to political and institutional development are important examples. In order for assistance in new areas to be successful, a three-step process probably needs to be carried through:

An analysis of the reasons and need for supporting new activities. This was essentially the work done in the country strategy.

Once the general areas have been defined, identify what the actual needs are, what other actors in the field are doing, and thus where Norway might contribute. This work has two dimensions to it, namely what the needs are (the “demand” for assistance), and on the other hand assess if there are particular areas where Norway can make a substantive contribution (the “supply” of assistance). This latter would include a review of “the Norway axis” – that is, if there are particular skills and experiences in Norway that can be used to address the issues at hand. In practice, this means identifying organisations that can address the problems identified.

From the iterative process of reviewing what needs are and what resources Norway can rely on to address them, a programme of support needs to be defined. This would normally include objectives for the support, a benchmark study or description that identifies what the existing situation is that is to be addressed, and some indicators of change that preferably are measurable and thus can be monitored to ensure that the assistance is making a positive contribution.

Developing such a programme is costly. There are high learning costs, the identification problem is considerable, establishing success criteria and agreeing on performance measures is time consuming, and it all requires considerable input by qualified expertise, both local and external. Without this up-front investment, however, the chance of succeeding is reduced, meaning that resources allocated to activities will often be wasted. While there are always start-up costs, these can be reduced through judicious planning. This does not seem to have happened in Tanzania. The general impression is that Norway has badly under-invested in programme development – what is seen more and more as the key area of “quality on entry”. This is not unique to Norway, as a recent study done by the World Bank finds that “*economic and sector work has a significant positive impact on the quality of World Bank loans. The results provide clear evidence of underinvestment in economic and sector work.*” (Deininger et.

al. 1998). There is always a reluctance to commit large resources to studies and consultancies, as priority is of course given to having resources address particular issues and reach target beneficiaries directly. As the World Bank study points out, however, “*resources could be switched from preparation and monitoring to economic and sector work to the benefit of both the quality of programs and level of disbursements.*”

Investing the resources required to make sound analyses and prepare good programmes is only cost-effective and justified if the resulting programme is reasonably large and the impact is expected to be significant. Since Norway spread its activities across so many fields, it simply was not possible to carry out all the studies required. The Embassy *did* use the local consultancy fund to a greater extent than previously to finance feasibility studies. Norway furthermore collaborated with and benefited from other actors’ analyses, as in the case of the programme work in energy and road transport. In the case of higher education, however, Norway ignored the sector work that was available, leading to a funding level that is difficult to understand and justify. More serious sector work here, and in areas like civil society development, review of the formal political system, support to gender development and some of the other smaller fields would undoubtedly have contributed to better focus and higher impact. A cost-benefit analysis of such up-front studies would in several cases not have given favourable outcomes, however, since the programmes were so small – pointing to the logical conclusion that Norway probably should not engage itself directly in these fields. If a decision has been taken that Norway *must* contribute in a field, more cost-efficient approaches like co-financing or parallel funding would have made more sense. This was the step taken towards the end of the period, when Norway provided funding for primary social sector activities through UN agencies.

7.4 Institutional Development and Capacity Building

Institution and capacity building were given great prominence in the country strategy, but impact has been variable. Part of the reason may have been that the aspirations in the country strategy may have been too high compared with the ability to tackle these complex issues.

Institutional vs. Organisational Development: Important Distinction

There is usually a distinction drawn between *institutions* and *organisations*. The former can be understood to be “the rules of the game”, while the latter concerns “the actors who play the game”. This distinction is relevant for discussing the Norwegian assistance pro-

gramme, and has implicitly been used in the previous chapters.

Norway's support to TANESCO in the energy sector and to the bridges department, the materials laboratory and the traffic safety unit in the roads sector are examples of support to organisational development. Norway has tended to emphasise technical areas rather than on strengthening structures, processes and management systems in order to improve overall organisational performance. But in the roads sector, the development of the Roads Maintenance Management System in Mbeya and Tanga regions is an example of successful organisational development where an innovative system is now being used on a sustainable basis by local organisations. This issue is also being addressed more systematically in the new frame agreements in the higher education sector.

The sector programmes in both energy and roads have addressed framework issues – i.e. *institutions* – as well as organisational development. Norway has generally been supportive of institutional change, but in its assistance has focused on support to organisations. In the road sector, however, the support to traffic safety is in fact assisting institutional development as it is addressing road use *patterns* – speed, truck loads, awareness of traffic rules and regulations, etc. Norway's assistance to EIAs in the power sector, and the funding of the Lower Kihansi EIA as a support to this change, is also having institutional impact as EIAs are now becoming an integrated component of how the sector is to develop. The support to policy changes in the fields of natural resources management, NGO legislation, and the women's department, are also good examples of institutional development.

Overall, Norway has clearly followed the strategy in putting more resources and attention to these issues. The impression is, however, that there has not always been a conscious distinction between these two dimensions of systemic change. With more attention to this, Norway could probably have achieved more. In the energy field, Norway is in the forefront on a global basis regarding regulatory frameworks and other key dimensions of a service-oriented sector that is attractive to private investors. These areas require, once again, a lot of senior skills in the Embassy in order to function well – time the staff by and large do not have today. Once again the fragmentation of the programme makes it difficult for Norway to have more impact.

Institutional Links: Mixed Institutional Development

One paradox seems to be that in those areas where there have been long-standing links between Tanzanian and Norwegian institutions, there has been little institutional development, and not even much organi-

sational development. This is particularly noticeable in the field of higher education. What seems to have happened is that the Norwegian partner has identified the *technical* fields as the interesting ones to collaborate on. This is in part because this is where they had a comparative advantage, while organisational issues have been left more to the local partner. But since the Norwegian partner for a long time managed the resources, this meant that their concerns tended to prevail. Few resources were left for organisational development beyond the hardware upgrading required for the technical work to proceed.

Moving resources to the local institution in line with recipient responsibility has contributed to removing this rigidity in resources allocations. This shows how important it is to have the local organisation "in the driver's seat". Furthermore, the more recent collaborations have had these issues up front, in part undoubtedly due to the strategy.

Capacity Building: Some Serious Failures

Some of the major failures of the Norwegian aid programme have been in the field of organisational development and capacity building, however. The most serious cases are the failure to develop sustainable organisational development in Kigoma and Rukwa regions through the two integrated district development programmes (see section 7.8). Another example is the Sao Hill saw mill referred to in section 5.1.

The area of organisational development is one of the most complex for any development programme. Having failures in this area is thus not surprising. What is missing, is a more structured attempt at learning from these failures and incorporating the lessons in other activities. As will be noted below, one of the structural weaknesses of the Norwegian programme is a poor monitoring, evaluation and learning system.

NGOs: A More Encouraging Story?

At one level, the support given to democratisation processes and support to local NGOs provides a more positive picture. Here, not only was institutional and capacity building a priority, but specific activities and budget lines were set up for such activities. Local NGOs were assisted with what were, relative to their size, quite substantial sums of money. What is more, Norway cooperated with other donors in a number of activities, which were evaluated and many of which were found to have been effective. What was missing was a more explicit strategy for trying to build, develop and deepen the capacity of civil society organisations. These weaknesses were manifest in a number of ways.

Firstly, there is no evidence of attempts to link the different activities funded. Support appears to have gone

to a succession of discrete activities with few attempts at assessing impact. One exception would appear to be support for the Eastern and Southern African Universities' Research Programme (ESAURP), whose activities seem to have been particularly well structured and set within a long-term context.

Secondly, a large amount of money was allocated to seminars and workshops. While there is nothing inherently wrong with such funding, what one needs to know is the long-term *value* of these workshops: were the right people chosen, how did they make use of the exposure and training given to them and what was the subsequent impact? Such questions are difficult to answer, but if there was a clear picture of where the particular activities fit in, these questions could be addressed.

Thirdly, opportunities appear to have been missed. For instance, the large amount of support given to assisting the electoral process and civic education could have been followed up with targeted and linked assistance to building the capacity of the organisations funded in a more systematic way (see chapter 5). As the most important post-assessment noted (Cooksey et. al. 1996): "*Donors should continue to support the institutional framework for the enhancement of democracy including: support for public service, constitutional and legal reform, helping combat corruption, supporting freedom of the press, gender equality and the growth of the private sector economy.*"

This particular evaluation was critical of the methods of civic education chosen: "*It would be difficult to justify relatively large financial investments in civic education on the basis of the cost effectiveness of such support to date.... The seminar/workshop format should be avoided since there is no evidence that it provides useful information either to the trainee or intended beneficiaries further down the line.*"

7.5 Gender

Norway's objective of contributing to the promotion of a sustainable economy that is not dependent on development assistance requires women's active participation and contribution in the economic, political and social fields. This is in line with the Beijing Platform of Action, and also with the Women In Development, WID, policy adopted by Tanzania in 1992.

Tanzania presents a *situation* of entrenched gender constraints, where conservative policies, structures, laws and traditional gender relations ensure that women have less ownership, access to and control over basic resources than men. At the same time there are now change *trends* that provide improved prospects for women's advancement and empowerment. There

has been a rapid growth in gender and women NGOs that have strengthened the advocacy on gender issues. The position of women was further strengthened due to the preparations for and participation in the world conference in Beijing in 1995. Norway strongly supported the Tanzanian efforts, where women organised themselves through consultative processes led by both the Government and NGOs throughout the country. This was a key event in raising the awareness of both women and policy makers regarding the pressing needs of women in Tanzania.

One outcome of the Beijing process was a National Report prepared by the Tanzanian women. Among other things, it noted the existing discriminatory policies and laws on ownership, marriage rights, and access to education and health, as well as gender stereotypes and imbalances in the prevailing "culture and traditions" that must be addressed if the status of women in Tanzania is to improve qualitatively.

As a follow up to Beijing, coalitions of NGOs have emerged focusing on key issues such as on adoption of a progressive Land Bill, violence against women, and women and political participation. Lobbying is taking place to promote a gender sensitive public budget with an emphasis on transparency of the budget process and improved input by civil society. The on-going process of democratisation and decentralisation at local level, with an emphasis on community ownership of social sector services, has significant potential to address the real needs of women and men equally. However, opportunities to realise gender equality within this new context are yet to be clearly identified and concretised.

Norway's Policy: Weak Statement, Better Practice

The MoU has a surprisingly weak policy statement on gender: "*all activities must continue to be planned and implemented in such a way as to ensure that women are actively involved in the development process, and that they are given the opportunity to participate actively in decision-making processes at all levels*". It talks of women rather than gender, says nothing about empowering women but treats them rather as objects ("*to be given the opportunity ...*"), does not specify how WID activities are to be operationalised nor which areas of the programme are to be focused on.

These limitations notwithstanding, the MoU has played a strategic role in the policy-level dialogue on gender issues. Using the MoU, Norway has a legitimate basis for discussing gender as a development issue at the higher levels of policy making, and has systematically done this during the annual consultations with Tanzania. Gender issues have also been brought up in sector discussions, such as in Nordic Position Paper No 3 (November 1996) on civil service

reforms that points out that “..gender equality should be mainstreamed in all the components of CSRP”. In general, Norway has been consistent and insistent on the gender issue at the overall policy level, and its unequivocal support to gender equality is well known.

Co-ordination: Mixed Results

The Embassy has been active in co-ordinating with other donors through the Inter-agency group on Women in Development/Gender and Development, WID/GAD. It has promoted gender-sensitive policy changes, sharing of information and supporting joint activities such as the Beijing preparation process. In co-ordination with among other the Netherlands Embassy, Sida, DANIDA and USAID it facilitated support to the Department of Women and Children within MCDWAC. Within the larger DAC donors’ meetings it has met with less success in pushing for mainstreaming of gender in donor programmes and having the donors act more coherently in this area in their relations with the Government.

Main Strategy: Mainstreaming

The Norwegian strategy is essentially to mainstream the gender dimension in all its activities. While the principle is reasonably clear, the implementation has not been. The Management Plan (“virksomhetsplan”) of 1995 was for instance effective in making the gender issues visible within the different sectors. What was lacking was how the gender-oriented objectives were to be translated into goals at the project level.

Mainstreaming has been attempted in higher education, roads, and the health sectors. IDM, Sokoine University of Agriculture and the University of Dar es Salaam all had some formal gender goals. Impact of such efforts were, however, not traceable in the reporting systems because there is little gender-disaggregated data. In health, programmes that target women’s needs have been funded, particularly the activities funded through UNICEF and UNFPA and NGO activities in the Aids programme (see section 6.6). In the roads sector, Norway has been successful in promoting gender objectives in the IRP II, where region-specific goals have been identified and monitored. In the Mbeya region, activities were directed to women on oxen training, employment, and a gender workshop. More importantly, Norway has supported the development of a professional women’s grouping that encompasses engineers, surveyors, architects etc., providing them with an opportunity to address their own situation on their own terms – empowering them to fight their own battles in a highly male-dominated sector. The promotion campaigns among women to compete for jobs in the road sector are another example of a more pro-active and empowering approach to gender.

The attempts at mainstreaming have developed capacities of project level staff by raising gender issues as part of project reporting, evaluations etc. This is transforming attitudes of people on gender issues, and as such is a modest beginning towards promoting the gender agenda in development projects. In other areas, the gender dimension has been nearly absent, such as in environment and civil service reform.

Implementation Emphasis: Women, not Gender

In practice, there has tended to be more emphasis on women activities rather than on the promotion of gender aspects in the activities. The absence since 1994 of a Gender Desk in the Embassy may be one reason for this. There is considerable debate on whether it is in fact good to have *one* person in an Embassy responsible for gender, since it may isolate the gender dimension. The Embassy has instead made programme personnel responsible for the integration of gender issues in their programme areas. Underlying this was an assumption that all programme officers were equipped with relevant gender skills for this task, which is a well-intended but risky assumption. The context in which gender mainstreaming is operationalised in Tanzania is complex and loaded with constraints related to cultural factors as well as low gender capacities from partners. It requires time and patience to understand and support the different on-going gender processes in the sectors, and it may therefore require a person with particular responsibilities and skills to promote these processes.

Currently the two programme staff responsible for the education and NGO areas are also assigned the gender portfolio. The Gender Desk at NORAD/Oslo has provided important support to the field, but cannot assist much with the practical issues confronting the programme in various sectors.

Implementation: Hands-Off on Gender?

Most projects could have benefited from more “hands on” support and monitoring from NORAD on how to implement the gender mainstreaming approach. The documentation shows only limited support from the Embassy, with no examples on how the projects could develop mainstreaming strategies or how they could monitor and report on project results that have clear gender outputs. The evaluation on Norway’s assistance to women in 1994 noted that NORAD was too distant from the implementation level. Though the policy had the intention of building partners’ capacities and ownership of the projects, it did not actively support the integration of gender aspects in project activities. There seems in particular to have been limited if any dialogue with women in the various sectors regarding what steps they themselves believe would be most helpful to their situation. This makes it particularly

hard to translate general principles on gender into actionable targets that are truly owned by the women themselves.

The issue that comes up, is to what extent Norway *should* in fact be concerned with implementation issues, given recipient responsibility. The problem is that if general principles are not translated into activities prioritised by the target beneficiaries, then there will be no impact on the ground. Since Norway is concerned with impact and not simply with agreements on general principles, it should, in line with the more dynamic partnership concept, assume some joint responsibility for defining and monitoring prioritised goals. This requires a more hands-on approach.

Results and Impact: Weak Monitoring

The monitoring of the impact of project activities from a gender perspective has been weak. The main gender outputs measured are limited to a few statements made in annual reports and a few data on how many women the projects have reached. There was a general lack of gender sensitive monitoring indicators and reporting systems, and there was no real system for integrating lessons learnt from different projects and programmes into current programme activities in the gender area. The NORAD manual that was just finalised addresses these concerns, though.

Selected Interventions: Fragmented

NORAD has supported a number of "one-off" activities promoting organisational development and capacity building. These were mainly financed through special funds aimed at responding to immediate needs of organisations and individuals. Some of these activities such as the preparatory workshops for the Beijing Conference played an important role in gender capacity building, but many others have been of marginal relevance. These resources would probably have had greater impact if they were based on a systematic plan of empowering women within a project or a sector. The practice of supporting scattered gender workshops is likely to have a limited impact on overall gender capacities in the country.

Resources for Gender: An Increase (?)

As noted in table 4.5, the official data show an increase in Norwegian funding to gender issues, from a little over 12% in 1994 to over 24% in 1997 – nearly a doubling. The major reason for this is that the new frame agreements with Sokoine University and in the field of natural resources and environment were classified as being gender relevant. There really are no good reasons to classify these frame agreements in this way, in which case the percentage for 1997 falls back to just over 14% - not significantly different from 1994.

Classification of activities according to the DAC criteria is tenuous, however. The roads programme, for example, which has a fairly comprehensive approach even at the overall programme level, is not included – among other things because only a small fraction of actual expenditures can be said to be gender relevant. Yet this is a programme where mainstreaming has perhaps gone further than in the other sectors where Norway is engaged.

What is positive is that only a small share of gender relevant resources is from the gender allocation. Most of the gender financing is from the country frame, meaning that financially the mainstreaming of gender is being pursued. But the lack of gender disaggregated data from the activities and sectors means that it is impossible to monitor impact or even guesstimate what share of an activity is supporting gender.

Project Activities: Some Positive Developments

Department of Women and Children, MCDWAC

Norway provided NOK 4 million to the Department of Women and Children in the MCDWAC. This was to support the focal point in the Government for promoting gender and supporting women entrepreneurs and leadership. Due to limited ministerial capacity and coupled with public sector bureaucracy in an already marginalized ministry, the project achieved little, and was phased out.

Despite this, the Commissioner for Women and Children in the Ministry noted that the support provided was important in strengthening the Government's gender work. It came at a critical phase when the national WID machinery was facing acute problems in establishing itself. Leaders of several women organisations shared this point of view. The ministry, however, suffers from a lack of capacity for policy level analysis and advocacy, which weakens its ability to promote the mainstreaming of gender in other sectors. There were also poor links to gender oriented NGOs that could be strategic local champions for policy level interventions, and which in turn could support the Ministry in implementing its role in gender mainstreaming at the policy level.

PRIDE: Micro Finance to Women

More than two-thirds of the micro loans provided by PRIDE have gone to women. An evaluation of the project indicates that an important contribution is the empowering of women economically. It is not clear if this had led to women being able to move into new areas of economic activity, or if they are utilising these resources simply to extend traditional kinds of activities. Since the evaluation focused on PRIDE itself, it

did not review what the impact may have been on the position of women within the household and community. Has economic empowerment led to women becoming more confident and assertive - has it led to more women for example taking on leadership positions in their communities? It is thus not clear what the longer-term impact on women's situation and roles may be, but it is obviously providing access to a key resource which women previously were denied.

BAWATA

BAWATA was conceived of as a Women Council in Tanzania, with the aim of creating a space for women to organise for their political and economic rights. As discussed in section 3.2, BAWATA quickly ran into political problems due to its strong advocacy role and organising itself to pursue this agenda also at regional level. The evaluation carried out in 1996 on BAWATA validated its objectives as being instrumental to women's empowerment, but also pointed to some problems, particularly with respect to its membership and hence credibility and representativeness when it presents a particular position. The evaluation questioned, for example, why so few women and women's organisations came to BAWATA's defence when it was threatened with de-registration.

The strong support that the Norwegian Embassy has given to BAWATA in its struggle to continue its activities have perhaps been the single most visible and important gender issue during the period. Whether BAWATA is truly representative or can legitimately be considered a full-fledged council or not, the fact that a women's organisation under threat of legal action by the national authorities is being supported in its demands to be given a fair hearing is an important signal. This is both to the authorities about the limits to abuse of public power, and to civil society about its rights to defend fundamental rights of organisation. The fact that the Embassy has been given strong support from Oslo in this matter is also very positive, as it shows a consistency and fundamental support that is important to civic organisations that still feel vulnerable in a somewhat uncertain political environment. BAWATA has now been linked to FOKUS, an umbrella NGO for women and development issues in Norway.

WLAC: Support to Legal Aid

The Women's Legal Aid Council, WLAC, is the focal actor regarding women's legal rights in Tanzania. Norway's support strengthens another important institution for women's empowerment. WLAC provides legal advice to women who are facing problems related to inheritance, land, etc., they give courses on women's rights, and they lobby for changes to laws

that are discriminatory to women. Norway's assistance was directed to institutional support a para-legal clinic in Dar es Salaam with follow up visits and support to poor women in seven regions who were reached with legal training and counselling.

Norway has provided support since 1989/90, but no evaluation has been carried out that assesses the efficiency and impact of its operations. It is clear, however, that the organisation is highly donor dependent, as NORAD has funded salaries for core staff in addition to equipment and vehicles. While sustainability is always problematic regarding agencies that are providing services to the poor, the organisation ought to have come farther in developing complementary sources of financing.

7.6 NGOs

Norway has increased its support to Tanzanian NGOs as well as the amount of resources being channelled through Norwegian NGOs (see table 4.6). In general, Norway sought to support NGOs working in the fields of environmental management, democratic development, education, and legal and human rights. Support to gender and disadvantaged groups were crosscutting concerns.

In common with other donors, Norway has probably been too quick in allocating funds to individual NGOs without assessing carefully the dangers of such "easy" money. Three points can be made in this context.

Firstly, there is no evidence of a clear strategy developed to decide which NGOs should be funded and why. The evaluation of BAWATA draws attention to this in its comment that there was a need to be clear about "the differences between the work and role of political parties and the work and role of NGOs that aim to influence politics."

Secondly, while funds certainly did go towards helping to build the capacity of NGOs, much of this would appear to have gone to providing "hardware" such as offices, computers, and vehicles, and to the funding of meetings and seminars. There is not much evidence of the importance of the particular NGO funded or the link between this hardware and these activities to strengthening these organisations especially vis-à-vis their own mission.

Thirdly, what are particularly worrying for Norway are the comments from various studies, both international and Tanzania-specific, which point to the systematic dangers of providing too much money to small and incipient NGOs. One danger is that the NGO sector will not grow from and be responsive to the priorities

and needs of civil society, but will be shaped more by the priorities of donors and the chances of getting more funds, thus creating the much-discussed financial as well as political donor dependence. The Cooksey evaluation makes the very strong conclusion that across the NGO sector in Tanzania there is “*evidence of overfunding and double funding of NGOs ... A number of organisations received such large grants from different donor sources that it is difficult to see how they could have used them effectively in the time available.... The sums of money were frequently grossly inflated in terms of the proven ‘absorptive capacity’ of the organisations involved.....One is forced to conclude that the lure of fabulous amounts of donor money has a serious distorting impact on the local NGO community.*”

Oslo-Dar Communication: Some Missteps

A fourth cluster of questions is about overlap between the funding of local NGOs by the Embassy and the funding of local NGOs through the NGO funding “window” in Oslo. These funds are not only separately administered but they use different criteria in their allocation of funds. Communication between Oslo and Dar es Salaam on what either has been or will be funded is far from streamlined. One problem is that Norwegian is still being used for a considerable share of the correspondence originating in Oslo. This makes it difficult for the local programme officer in Dar, who does not speak Norwegian, to know what is being funded from Oslo and why. This is particularly important when the different windows fund the *same* NGOs. There were at least two such cases, and in one of these Oslo provided funds to a local NGO which Dar es Salaam had decided to cease funding because of financial mismanagement.

NGO Activities: Largely Positive

Despite the above comments, the support to and through NGOs is important. Strengthening civil society by giving voice to various stakeholder groups merits Norway’s support, and a number of Norwegian NGOs have relevant expertise.

The focus on women NGOs is important, as this group has so far had limited possibilities for systematically engaging the political system in a debate on priorities and policies. What has been missing, as noted earlier, is more careful thinking around *what* to support – hardware, training, particular actions, etc. Selection of NGOs to support is not easy, as the number has exploded and the time required to screen organisations is high. The Embassy has focused on some quasi-umbrella organisations like BAWATA and WLAC, or has used agencies that link up with larger programs, such as NGOs that address women and Aids. This is

probably as cost-efficient and targeted an approach as could be expected.

The support to environmental NGOs has covered a wide range of activities from local advocacy newsletters (Malihai Clubs) to larger impact assessments. While one can always question individual activities supported, it makes sense to spread support across different kinds of organisations and activities. This is partly because it clearly is impossible up-front to “pick winners”, but also because in a field as recent and widespread as natural resources management, diversity of activities and opinions is of value in and of itself.

Another initiative that was highly relevant and may have far-reaching effects was the support given to the formulation of a new over-arching NGO policy for Tanzania. One reason why Norway, in common with other donors, has had such a limited impact in terms of capacity building across the NGO sector is the absence of an enabling legal framework to base it on.

By and large, the Embassy should be commended on its efforts in the NGO sector, since the trade-offs between planning costs required to ensure quality up-front, and the overall cost-effectiveness of donor aid in this area, are particularly severe. Having said this, it should also be noted that there has been little monitoring and learning from the activities supported. The aggregate sums going to NGOs are considerable, and while it is costly to track what a lot of small entities do, these costs can be lowered if Norway focuses on what it wishes to support, and how. Co-ordination with other donors becomes particularly important in this area, for several reasons. It is important to avoid double funding of activities – which has occurred – but also to ensure that different donors are at least not working at cross purposes. But a more pro-active division of labour on identification, funding and monitoring could have lowered management costs all around. While considerable time has been spent on donor co-ordination in this area, the operational results in terms of improved efficiency have been disappointing.

7.7 Volunteers

Norway has had as many as 40 volunteers in Tanzania, though the number during the 1994-1997 period was typically around 25. The Norwegian volunteer service is being phased out completely as a programme worldwide, due to a series of shortcomings that were also apparent in Tanzania.

Volunteers in education

Most of the volunteers worked as teachers in secondary schools run by parents’ associations. They are

commonly referred to as "private schools", but were in fact the resource-poor cousin to the state school system as they were largely started up and run by communities whose children could not get into the badly overburdened state secondary schools. The Norwegians taught largely in poor rural centres, functioning largely as gap-fillers. Only during the last few years did the strategy change to the volunteers acting more as resource persons to a larger area, to help in pedagogical as well as academic fields where the local teachers might have poorer backgrounds.

The success of the programme has varied considerably, depending both on the local headmaster and the individual volunteer. The Norwegians were not fully under the headmaster's control, but the fact that the volunteers were unionised and the union once threatened to take the volunteers out of service to put force behind some demands, created considerable friction. As a *programme*, impact was therefore unsystematic and individual-specific with no sustainability and marginal capacity building as a result.

Health sector volunteers

In the health sector, the Ministry of Health asked Norway to focus on developing the physiotherapy sub-sector, and here the volunteers had much more impact. Volunteers helped develop the programme, it was focused, there were complementary inputs from NORAD for physical infrastructure to develop a training and treatment programme at a key hospital, and local staff was trained. The *sustainability* is problematic, since the field is much lower on Tanzania's priority list than Norway's, though recent signals from the Ministry indicate that some local funding may be found as Norwegian support comes to an end. Whether physiotherapy ought to have been an area of Norwegian support is a different matter. Given the overall needs in the sector, a more careful review of Tanzanian priorities should have been made to ensure compatibility with Norwegian resource allocations. No such study was found in the archives.

Other activities

In some other fields, such as environmental management, a few volunteers have provided support that is much appreciated. The bottom line therefore seems to be that when the volunteers functioned as low-cost experts within a structured field, they delivered cost-effective gap-filling services.

7.8 Exit Strategies

The problem of exit strategies is absent from the country strategy. This question is closely linked to that of sustainability, as there is a growing view that to maximise the chances of sustainability, it is necessary to

focus explicitly on how aid is going to be phased out. This is often best done at the pre-appraisal stage, because the earlier one examines how an intervention will end, the less likely it will be that aid interventions with little chance of being sustainable will be supported. An exit strategy ensures that withdrawal will be built into the project processes and not tagged on at the end.

Just as important as having an exit strategy, is using it when one has been designed. The low point in Norway's aid to Tanzania during this period was probably the messy cases of withdrawal: the closing down of the district development programmes RUDEP and KIDEP, and the rapid end to the Aids programme MUTAN. In all cases, thought had been given to the phasing out of Norwegian support, but the proposals were not followed when a decision was taken by Norway to stop the funding.

RUDEP, KIDEP and Exit Strategies

In the mid-1980s Norway began funding the Rukwa Integrated Development Programme RUDEP, followed in the early 1990s by the funding of a similar programme in Kigoma, KIDEP. Building on earlier Norwegian activities in the area, both programmes were innovative aimed both at a process approach to development and one whose principle aims included organisational and institutional development of the local administration. Both programmes were envisaged to last for some 15 years, grouped into three five year periods - build up, consolidation, and phase out. The closing down was thus incorporated into the projects at the outset.

In 1994, however, NORAD took the decision to bring both these programmes to an end. The first public reference to closure was made in the 1994 Country Strategy paper, which commented simply that "*It is proposed that the rural development programme be terminated in their present form. A district programme taking into account the ongoing reform process in public administration and incorporating the relevant experiences from RUDEP and KIDEP should instead be developed.*"

The major reason given for the decision to terminate the programmes was that they were too big and unwieldy and thus not sustainable. The Strategy essentially proposed to scale down and focus the programmes on the development of local public administration, in line with the general thrust of institutional development. At the same time, there was little listening to Tanzania, as the Government as late as 1994 reiterated that "we regret the two programmes will be terminated".

Phasing Out: Disregarding Own Studies

Both RUDEP and KIDEP had problems, so there were grounds for re-assessing them. But while these projects had built in a planned phase-out over a five year period, the 1994 decision altered this to a two-year withdrawal period (in practice completion took twice that long). No good reasons for this quick withdrawal were found in the documentation.

This was not in line with the report upon which the decision to terminate the programmes was taken. The evaluation observed that *“the relatively brief time periods over which the programmes have been operative and the time required for benefits of components of an institutional or ‘soft’ nature to materialise reduce the scope for analysis at this point of time.”* It recommended that *“the eventual phasing out of support to RUDEP and KIDEP be preceded by a study of the consequences to the regional economies to determine a sound phasing out profile for the programmes”*. More specifically it stated that *“in order to avoid the phasing out of RUDEP and KIDEP, when implemented, causes unacceptable recessionary impact, NORAD is advised to make a study of the economic potential and likely transition of Rukwa and Kigoma. The study should identify the phasing out profile of the programmes which in the best possible way would assist Rukwa and Kigoma in their transition into more market oriented sustainable economies. The objective of the study is thus to be an input to the decision on how the programmes should be redesigned and phased out.”* This recommendation was never implemented.

Following the decision to terminate the projects, NORAD carried out an independent review of RUDEP and KIDEP. The purpose was to establish planning and implementation activities that had to take place to ensure the best possible sustainability of the investments made by NORAD. The review on KIDEP took place between March 1995 and February 1996 – that is, at least a year after the decision to terminate the project was made. The document states that *“the issue of sustainability seems to have been inadequately considered throughout the KIDEP preparation, implementation and in the planning of phasing out itself. With the absence of this preparedness, the issue of sustainability becomes a crisis and requires fire brigade solutions.”* Annex II of the document was written on the assumption that the phasing out period was still negotiable, and it argues that a period of three years would be best for KIDEP. Yet NORAD had already stated that the project would end in June 1996 and that this date was not negotiable.

Finally, the February 1996 “Review Report on KIDEP 1995/96 Implementation” judged that this phasing-out document did *“not give the analyses which are*

required to ensure the best possible planing and implementation of future activities to ensure sustainability of the KIDEP investments to the extent practically possible.”

Likewise, an April 1996 report of a team commissioned by NORAD to undertake an assessment of RUDEP commented that *“the team’s view concurs with our reactions to the termination notice that it is short and abrupt leaving no reasonable time to the winding up exercise on the ongoing programmes and consequently uncertainties in sustainability. There are no clear sureties which the region could affirmatively state that the programmes will be sustained beyond the present RUDEP/NORAD cooperation.... it is our wish that Norway in the new country programmes contained in the MoU of October 1994 will consider setting out some form of assistance to Rukwa in the format it deems befitting.”* By the time assistance was terminated, NORAD had spent NOK 180 million on KIDEP and NOK 400 million on RUDEP.

MUTAN: No Real Exit Strategy

Once Norway had taken the decision to phase out MUTAN (see section 6.6), the exit strategy was slow in being put in place. The first proposal by MUTAN management for the winding down period was poor. Nothing was said in the budget notes that this was a winding down period; there were no activity plans attached; nothing indicated who or which institutions were going to take over components of the program. Nothing was said of handing-over and phasing out locally. Instead, local officials wanted to buy new vehicles, do more repair work, buy more virology equipment, and increase the operating budget from NOK 1.4 million the previous year to NOK 1.9 million – i.e. “business as usual”. NORAD noted that the proposed phasing out document did not guarantee the continuation of almost any of the activities. Regional Aids programs had not been identified, no NGOs evidently wished to take over the information centres, the EU promised to support the sexually transmitted diseases programme but had promised this before without delivering so this did not sound convincing.

The winding down period became more structured and orderly once it got underway, and considerable efforts were expended to identify local entities that could assume some of the intervention tasks on a more continuous basis. Part of the problem was that the NACP itself was overly bureaucratic, and the few resources it did have seldom left the capital, thus starving the regions for operational funds. The real problem seemed to be that neither NORAD nor the Tanzanian authorities had good procedures for phasing out support, so that unnecessary conflicts and *ad hoc* steps

had to be taken to salvage as much as possible in a difficult situation.

Exit and Recipient Responsibility: Critical Mix

Because sudden cutbacks in levels or forms of support can be much more disruptive than new activities, it is even more important that the principle of recipient responsibility is followed when designing and implementing exit strategies. Here Norway has been particularly remiss in respecting key principles of its aid policies. It did not engage in an open process where Tanzanian views would be listened to and modifications to own positions were possible.

This is all the more noteworthy for the fact that the programmes that were decided not to be sustainable, were largely designed – and over-dimensioned – by Norway, not by Tanzania. Norway thus had an overwhelming responsibility for ensuring minimal dislocation to Tanzanian entities affected by the sudden shifts. The lack of open dialogue, ignoring the existing proposals for phasing out, and accelerating the close-down of these activities in the face of Tanzanian misgivings is perhaps the single most important failing of Norwegian aid administration in Tanzania during this period.

7.9 Aid Administration

One direct consequence of running an aid programme with a multiplicity of activities is that a disproportionate amount of time is spent on formal administration of activities, rather than in active dialogue and monitoring of sector development, outcomes and impact. While the intention of Norway's new approach to development cooperation is exactly to get away from day-to-day micro-management of activities, there is a certain minimum level of procedures that must be followed.

Diverse Programme: Costly and Inefficient Administration

The demands regarding financial management have increased since the early 1990s due to severe criticisms made by Norway's auditor-general ("riksrevisjonen") of NORAD. A number of irregularities and poor accounting were revealed during audits carried out in various NORAD offices at the beginning of the decade. The result was that NORAD staff spent a considerable amount of time getting procedures and accounting in place. NORAD management believes that today improved systems and good cooperation with the auditor-general's office has led to a reasonably balanced approach to this issue. But the fact remains that each activity requires a minimum attention to the financial side. Since the Tanzania programme has had 130-160

activities receiving funding in a year, the total time spent on financial procedures has been significant.

The large number of different funds with different objectives and procedures leads to high programming costs. The fact that activities tend to have cross-purposes – a request for support over the NGO allocation is for an environment activity, for example – requires good information management systems and open internal communication to function well. Several cases were identified where communication had not been good enough. One reason for this is that as programme size increases, there are "diseconomies of scale": it becomes very costly providing sufficient information to all relevant parties – the internal co-ordination costs explode. The fact that Norwegian is still used in much of the written communication with Oslo in a period where more local programme staff is used, further increases interaction costs inside the organisation.

Formal appraisal of proposals, assessing the capacity and capability of the organisation to whom the funds are to be given, monitoring and drawing up the completion report have relatively high "fixed costs" independent of how small the project is. The Embassy has in addition invested a lot of time recently in cleaning up a number of administrative matters that had not been properly attended to, and this has taken time. The net result was therefore that programme staff have spent an inordinate share of available time at their desks, carrying out routine administrative tasks, and a very limited amount of time in the field understanding what outcomes and impact is.

Programme Staff: Good, but not Well Utilised

The quality and experience of programme staff in the Embassy throughout this period seems to have been good. This makes it all the more frustrating that Norway has spent considerable resources on recruiting high quality staff who are then not given the possibility of fully exploiting their skills and insights, but due to programme fragmentation must spend most of their time on activity-specific administration.

Institutional Development: Staff Intensive

What makes the above point more frustrating is that the new country strategy was more demanding of high-level programming skills than the traditional project approach. Institutional development and capacity building are process intensive activities that require that the partner organisations communicate fairly intensively, and that this active dialogue is based on good technical insights on both sides. The MoU acknowledged that the new strategy was demanding, and therefore did not recommend any reduction in staff, though it had recommended the continued reduction in country frame resources.

Staff Reductions: No Capacity Analysis

As noted earlier, the Ministry reduced Embassy staff by a third during the 1994-1997 period. There ought to have been a more careful means-ends review carried out before staff cutbacks were implemented. If Norway wished to implement its complex strategy, it should have set aside the resources required to do so. If it did not find the resources required, it should have returned to the strategy and made choices regarding which elements would have to be eliminated, to ensure that those components that remained would have the inputs necessary to ensure quality outcomes. The reluctance to make such choices has left the Embassy with a staff spread very thinly across many different topics, usually chasing problems rather than proactively managing issues.

Flexibility vs. Impact: Trade-off?

One of the strengths of Norway's programme is the flexibility that the decentralised system and the targeted allocations provide. There are a number of cases where the Embassy has processed requests for support within a period of only a week to ten days. This is highly unusual, and local agencies are appreciative of both the quick turn-around time and the flexibility in judgement used in such cases.

There may be a trade-off, however, in that many of the requests that get this quick decision may be of less importance. It is not *necessarily* true that issues that suddenly come up are not important. But if an organisation is not able to plan key activities well in advance, one wonders what the sustainability and impact will be. Often the support is being asked for short-term activities like seminars and workshops, where expected impact can be questioned. If Norwegian flexibility were properly linked with a wider support in a sector or to a particular organisation, this concern would be less important. As long as programme fragmentation means that the Embassy does not have the time to ensure that the overall frame is well addressed, the flexibility runs the risk of "doing the things right" – but not ensuring that one is "doing the right things".

7.10 Monitoring, Assessment and Feed-Back

As part of the overall strategy, the MoU calls for Norway to "devise a better system for measuring the results achieved during the period". NORAD does not yet have a good enough system for monitoring, assessing and using the lessons from experience to improve the programme. While *administrative* systems have improved, the *content/impact* dimension is lagging. NORAD has established a Performance Review Unit in Oslo that is in part to address this dimension. So far, there are no real changes to the system of monitoring performance though this is a weakness within the

organisation that has been noted in a number of previous studies (see chapter 9).

Reporting: Systems Issues

The decentralisation of Norway's aid management entails that full implementation and large parts of the decision-making responsibilities lie with the embassies. This means that the embassies do not send all the materials back to Oslo. The archives in Oslo therefore often have the correspondence on reports, studies, etc., but not the documents themselves. These are often to be found in the offices of technical staff, which means that as soon as staff is moved around, the institutional memory may disappear! The extent to which the Oslo archives do not contain even key documents was not fully appreciated by the mission till it had a chance to review the documentation in the Embassy. NORAD's documentation centre IDOK is to become a repository of such documents. This makes sense, as the reports would then be more easily accessible. For a number of reasons, this has not happened. The evaluation reviewed IDOK's 40 boxes of documents on Tanzania – only *six* reports were found that were relevant in terms of content and period.

In the Embassy archives, reporting in some areas was very good. The Roads Programme produces monthly reports with comprehensive data on implementation, general studies such as the EU-funded one on the organisation of the proposed Road Administration were undertaken, etc. Appraisal reports for the overall sector programme as well as for the major investments were done based on international standards. Documentation prepared for the annual meetings were by and large comprehensive and related the Norwegian-funded inputs to the overall programme. *Financial* reporting was at times weaker, in part due to problems of abuse of funds. The accounting problems in the roads sector had to be raised at several annual meetings before it was solved.

While the Logical Framework Analysis, LFA, is extensively used in the agreements and reporting is supposed to follow the LFA-matrix, there is still a tendency to report on activities and inputs use, and much less on outputs and outcomes. Areas where presumably achievements are not good are sometimes simply ignored. Most reporting is done on an annual basis as part of the annual project cycle. The quality of reporting and the comprehensiveness has as a general rule improved, but there is a lot of scope for improvement. There was little "deviation analysis", looking at where shortfalls had occurred and what could be done to address them. Reporting oriented to management decision-making was in general weak, and impact analysis was also missing.

One issue is that virtually all reporting is by the implementing body. There were surprisingly few external reviews. For a programme that disburses NOK 350 million a year, the lack of a *system* for reviews/evaluations is of concern. Large amounts of money have been invested in a range of activities without any impact studies whatsoever. 20 years of assistance worth NOK 250 million to Sokoine was finally evaluated in 1998 – with some depressing conclusions. Clearly a more thorough review earlier on could have identified some of these issues and thus improved outcomes. A number of reviews that are done conclude with the need for a more thorough evaluation if firm conclusions are to be reached: “*How fragile is the human memory!... I have had to reconstruct a water programme that spent over NOK 300 million ... The archive in Oslo appears somewhat patchy, but without me being able to identify what is missing... [But] this programme should be evaluated! If one is to carry forward the experiences from 15 years of water programmes in Rukwa and Kigoma to other similar schemes, it is necessary to carry out a systematic evaluation, to clarify some of the impressionistic conclusions... Positive results were achieved (how positive the evaluation will have to find out), even though the price can be said to have been rather high*” (Norconsult February 1995).

Feed-back and Learning

The Management Plans (“*virksomhetsplaner*”) are the strategic document for the Embassy for structuring its work and allocating its internal resources. Prepared during the fall, they lay out the Embassy’s objectives and targets for the coming calendar year. These plans are impressive pieces of labour that contain a lot of reflections around the programme: what has been achieved, what are the targets for the coming year, and how are they to be attained. But they have turned into major paper exercises – the 1996 Management Plan was in three volumes.

The value of the plans is reduced by weaknesses in key components of the monitoring *system*, which is not able to generate the information that would allow management to identify the key issues and direct attention towards addressing them:

- The key is the *appraisal*, which links the specific project purpose to the overall sector objectives, and provides both a base line and indicators which can be used in monitoring. Many activities have weak appraisal and thus the resultant project agreement or document lacks monitorable indicators. One – though not the only – reason for this, as has been discussed a number of times, is the fragmentation of the programme which makes it

expensive to prepare satisfactory preparatory documentation.

- Emphasis ought to be on *deviation analyses*, while most reporting today is on activities and inputs use, and where financial reporting has become a large part of overall reporting.
- There are too few external reviews and very few in-depth evaluations that analyse relevance, sustainability, cost-effectiveness and impact. Management therefore has little hard information to go on when assessing where it may make most sense to allocate scarce staff time in order to improve programme performance.
- There is no systematic and pro-active programme for going out and trying to *learn* new ways of “doing business”. Tanzania is a tough environment to work in, and thus setting aside resources to experiment, try out new ideas, systematically scan the horizon for how others are addressing issues may be of great value, particularly in such complicated areas as institutional development and political change.
- If the LFA manual were followed, the appraisal problem would not arise. But in practice it is often too costly to do this task properly. Saving on these investment costs leaves management with insufficient benchmark information when trying to monitor performance. The recent programme and project cycle manual for NORAD-funded activities addresses many of the issues – but they all require resources. NORAD will therefore have to become more realistic regarding what it costs to have a quality monitoring in place – or accept that a fragmented programme has as one of its costs reduced ability to monitor and evaluate.

7.11 New Approaches

The strategy wanted new approaches that were less aid dependent to be developed during the period. The idea was both that a more balanced relationship between Norwegian and Tanzania actors would ensue if *both* parties had to invest some of their own resources, but also that this would encourage overall resources mobilisation that would over time generate more sustainable partnering.

Very little has been attained in this area. One thing is that the framework conditions for less aid-dependent activities have not really changed. The economy in Tanzania has not grown much, so resources available for new and innovative actions are highly constrained. The incentives for Norwegian actors to engage them-

selves in long-term activities are also weak: Tanzania is still a high-risk country for investors.

There are some shifts, however, particularly in the field of NGO engagement and other small-scale activities. As one Embassy official noted, "Ten years ago, I would know of all the Norwegians who were here, and almost all of them would have had links to NORAD. Today, Norwegian teams working with various Tanzanian groups come and go, and we are not even aware of them". While much of the financing may still be aid money, the activities themselves are much more driven by the dialogue between the two parties, and the impression in the Embassy was that these kinds of

relations were increasing and diversifying. The scale of these activities, changes over time etc. were impossible to verify, since very little on this can be found in the documentation either in Dar or in Oslo.

7.12 Relevance and Impact

What has been achieved has often been less than expected, and less than what one would have hoped. But it is important to look at what the Norwegian programme during the 1994-1997 period has achieved compared with other donors, and compared with previous periods.

Box 7.3 Donor Aid Evaluations in the Early 1990s

The World Bank, Netherlands, Finland, and Sweden have published substantial assessments of their aid programmes around the turn of the decade. They all had a common theme: that performance was far lower than anticipated and discrete projects across most, if not all, sectors contained a high proportion of failures. The 1994 Dutch evaluation of 22 years of aid to Tanzania to 1992 reports that the "overall effectiveness of Netherlands development cooperation with Tanzania over the past two decades has been disappointing... this was true of donor aid to Tanzania in general" (Netherlands Development Cooperation, 1994: 3). Likewise, the 1995 evaluation of Finnish aid states that the performance has been well "below expectations" (Porvali et al. (1995: 41).

In his summary of these impact assessments, Sobhan (1996) quotes the World Bank as reporting that 70% of its agricultural projects in Tanzania had negative rates of return. The Dutch acknowledged that two-fifths of their project investment was a failure, with four projects labelled a "complete fiasco". The Swedes and Danes both reported negative results from their aid to industrial projects, with infrastructural projects producing "mixed results". The Dutch study highlighted the problems of maintenance in relation to water projects, and the fact that in spite of substantive amounts of aid to education the quality has progressively deteriorated. It goes on to note the complete failure of many micro-projects, the inability of technical assistance to transfer skills, and that rural development projects at best made only a marginal contribution to alleviating poverty and raising living standards.

This group of assessment studies strengthened the commonly-held view that a major source of the problems lay both in the environment outside the project and that donors had too narrow a focus on projects.

Other donor reviews (see boxes 7.3 and 7.4) note that they have experienced considerable difficulties in achieving success at the project level. Many refer to failures; others go so far as to speak of disasters. As they have moved funding away from projects to wider programmes, they have come up against the same problems Norway does, of trying to identify impact of their particular contribution. At the same time, however, there is a sense across the donor community that the central issues are (at last) beginning to be addressed.

Relevance: Clearly Improving

The assessments of the assistance impact in the major areas point to increased relevance of the Norwegian aid programme. Framework conditions from the Tanzanian side are being addressed better than before, the framework agreements – whether for an entire sector or just an institution – are lifting the focus from project outputs to programme outcomes and structural dimensions. The new dimensions in the programme – institutional development, private sector development, political development, increased support to civil society, more local ownership through recipient responsibility – are all dimensions of a programme that is addressing key challenges that Tanzania is facing.

Box 7.4 Donor Experiences in the Late 1990s

Few studies are available that look at the impact of donor assistance since the new Government came to power. During 1998, however, both the Swiss and the EU carried out assessments of their aid programmes in Tanzania.

The August 1998 EU study notes that in spite of efforts to address wider institutional problems, such a strategy in relation to the road sector “had not been successful”, and adds that the Delegation still has difficulty in feeding the lessons of evaluation back into the design of new operations.

The Swiss programme attempted to have a narrower focus, to give prominence to Tanzanian ownership, and to emphasise the importance of the wider context within which individual activities are situated. As with the Norwegian programme, emphasis has been on institution and capacity building, and to gender. In terms of performance and impact, the 1998 evaluation draws the following reflective conclusions (Schoch *et. al.* 1998).

- While the country programmes give a general framework for development programming, the basic principles of co-operation such as participatory and decentralised development ... are not further elaborated and operationalised in the context of the country programme;
- New key development issues, such as empowerment and ownership and economic viability are not yet included in the programme design.
- In spite of the fact that gender sensitivity has become a central issue ... it is not clear within the programme what constitutes gender issues.
- At the local and community level, there is a lack of managerial and organisational capacity to claim ownership of initiatives in development activities.
- There is a lack of a formal mechanism of drawing lessons learnt and innovations supported by the programme and sharing them with parameters at all levels.
- (Though emphasis was given to the private sector) “the scope of using and promoting private sectors is not fully exploited”.
- ... All projects depending upon Government resources are economically not viable... Therefore donors should be prepared to continue funding of essential (social) services of their supported projects till the Government is in a position to meet the financial commitment when the civil sector reform has gained momentum.

Some activities have clearly been of questionable relevance. The MUTAN project was generating high-quality research outcomes, but the local health system was not able to absorb the lessons – largely because they addressed second-order questions.

The district development projects were over-dimensioned and thus did not provide realistic answers to the challenges the local population was facing. They furthermore funded a number of activities that the studies showed were not considered of primary importance by the target groups. Cleaning up the portfolio thus also contributed to improving the overall relevance of the assistance

Cost Effectiveness: Questionable

The improved co-ordination and the new approach to partnership encompassed in the *Nordic Initiative* should over time reduce some of the inefficiencies in accessing external finance. During the period in ques-

tion, however, Norway has increased the fragmentation of its programme, so that the ability to Tanzania to really take charge and manage the resources is probably weakened.

Norway in general has never been very good about cost effectiveness issues, except in the infrastructure sectors. Here Norwegian aid, according to some observers, has been cost effective, though no studies verifying this were actually seen. Outside these sectors, there are few studies that contain any kind of cost-benefit estimates. The few attempts at such analyses tend to come to the conclusion that Norwegian aid is technically of high quality but costly. Often this is based on impressionistic information, since hard data have often not been generated that would allow for a more careful analysis. The COWIConsult study on Sokoine, however, compares the costs per student with other relevant institutions and finds them to be very high (coupled with low relevance, which makes it

worse). The Norconsult review of the water programmes in Rukwa and Kigoma cited earlier has the impressionistic conclusion that these programmes were very costly. Norway used 200 person-years of

technical assistance to build up the rural road programme in Tanga and Mbeya regions, which could hardly have been cost effective.

Box 7.5: Cost Effectiveness of Road Traffic Safety

The ratio of accidents to vehicles in Tanzania is 20-30 times higher than in the US and northern European countries. Irresponsible driving was the cause of 54% of accidents and faulty vehicles for 16%. Total costs to Tanzania of road accidents in 1994 were estimated at TSH 11 billion. A financing scheme that over time would be sustainable was designed, based on contributions from organisations involved in road transport (insurance companies, vehicle suppliers, fuel suppliers), an annual road safety levy by car owners, a share of third party insurance and of the Road Fund, programme fees (vehicle inspection, driving school, driver's license fees), and a share of fines for traffic offences. The goal is to raise TSH 1 billion a year. The outcome is to reduce the growth of traffic accidents from the annual rate of 7.2% over the last ten years to 1% in ten years' time. This goal is realistic with systematic implementation of the program, and would generate a total savings of TSH 65 billion. This is equivalent to a benefit:cost ratio above 10:1. The road traffic safety programme is thus seen as both economically and financially sustainable and worthwhile.

The traffic safety programme in the roads sector, however, made a serious attempt at calculating costs and benefits of the programme (see box 7.5). There were few other examples that could be identified where such calculations provide justification for a given intervention.

Impact: Some Positive Improvements

Norway's programme has a *societal* objective – no particular target group is identified, such as for example the poor. There have therefore been no reasons for Norway to carry out any kind of impact assessment by target group or geographic area. On the other hand, Norway had implicitly an extremely ambitious agenda: to contribute to economic and political transformations – that is, *structural* change. As has been noted in the previous chapters, a number of these change processes have moved very slowly and thus no discernible impact has taken place.

One key question is if Norwegian assistance has contributed to mobilising *local* resources, whether economic or political. In the energy sector, the activities have clearly assisted in harnessing a key local renewable resource for sustainable growth and development, and the roads programme also seems to be heading in the right direction with respect to mobilising national resources. In higher education, much too little has happened in terms of own resource mobilisation, leaving the sector vulnerable to shifts in donor assistance. In the environmental field, there is a more structured approach to mobilising local communities and general awareness/political will to address the problems facing the sustainable management of natural resources – though the road ahead is still long and bumpy. In the area of private sector development, whether using the financing schemes to support Norwegian firms or the direct assistance to Tanzanian operators, Norway has

not been successful in promoting local resource mobilisation. A lot more work needs to be done to address the overall frameworks and incentives for this to happen, but Norway also must become better at devising “micro-incentives” at the activity level to promote more self-reliance.

The major issue, however, is that it is often difficult to identify Norwegian support, and thus say something meaningful about impact. High visibility is not a goal for Norwegian aid – in fact it is an explicit objective that Norwegian aid should be integrated into national plans and programmes and thus not remain identifiable Norwegian. At the same time, however, the aid authorities wish to verify that the assistance is being well used, and among the politicians there is often an additional desire that Norway is seen as an important actor that contributes substantively in important areas.

Providing around 10% of grant aid means that Norway is not a major actor in terms of funding – but is not negligible either. To the extent that Norway really wishes to promote certain objectives, such as sustainable resources management or gender equity, or focus on certain sectors like energy or health, it can obviously achieve a lot more than it does today. Norway seems not to be able to make up its mind on what it wants. In international fora, it tends to work hard for the acceptance of key principles like sustainable development, health for all, etc., but when it comes to allocating its resources it seems unable to focus and prioritise. Norway essentially has to choose between being what it is today – a very supportive and flexible donor that is willing to contribute in a wide range of activities but without assuming a particularly strong role in any field and thus often without clearly identifiable impact – or focus on a few key challenges and try to do those well. The latter approach has of course its own

pitfalls, and the question is if Norway really wants to assume co-responsibility by becoming relatively important in one or more areas. It is not obvious that this is desirable – but then one should also accept that it becomes difficult to say something meaningful about overall impact of resource use.

7.13 Summing Up

- The principle of recipient responsibility has been pursued, but impact and ownership remains limited as long as this or similar concepts of partnership are not institutionalised at the system level. Co-ordination has improved markedly, though much remains to be done, and Norway could have taken a stronger role.
- The structure of Norwegian assistance within the major sectors is much improved, while the minor funds still exhibit fragmentation. One issue, however, is that the “entry costs” when taking on new activities such as support to political change, are very high if they are to be done well, and Norway has often not invested enough up-front.
- Institutional development and capacity building are given more attention, but impact could have been greater if Norway had been willing to focus more on genuine institutional improvements.
- In the area of gender, Norway has consistently pushed the issue, and provided important support and attained results at the policy level. At implementation, results are poorly reported but a “hands off” approach has led to less impact on genuine empowerment of women.
- Support to and through NGOs has increased - perhaps too fast, with donor dependence coupled with fragmentation and absence of a clear strategy yielding uncertain outcomes. Volunteers have had mixed results, but are being phased out.
- The lack of a concern for exit strategies has led to under-investment in these, and a lack of respect for those that existed. Messy exits from rural development and Aids support are perhaps the low points in Norway’s aid programme.
- While NORAD’s formal aid administration has improved, the effectiveness is low due to the fragmentation of the programme with under-utilisation of skilled programme staff. When comparing this period’s aid programme with that of other donors and the previous period, however, the results are by and large positive.
- It is difficult to assess cost effectiveness of the Norwegian funding because few appraisals include a careful benchmark and/or cost-benefit study. A general impression is, however, that Norwegian-funded projects tend to be technically good but quite costly, meaning that cost-effectiveness is often poor.
- Impact is also difficult to evaluate due to a lack of a more focused outcome objective. Spreading resources along a number of different activities the way Norway’s programme has been structured necessarily means that impact assessments will always be difficult if not impossible to carry out.

8 Results Evaluation

The evaluation has looked mostly at issues at the programme level. This chapter carries out an assessment at the activity level.

8.1 Activity Assessments

NORAD registers all financial aid to Tanzania managed by NORAD and the MFA by activity. Certain forms of financial assistance are not captured as some funds are provided to agencies that do not have to report on the country-breakdown of expenditures on an annual basis. These represent an insignificant share of total Norwegian aid. The activity-listing with disbursement figures is thus quite comprehensive (see Annex table 1).

The definition of an activity in the database is not uniform. In some instances, like the culture grant, every small activity is listed. In other areas framework agreements include a number of projects. The new agreement with the Ministry of Natural Resources and Tourism aggregates a number of activities into one general project during the last couple of years while they were listed separately during the first years.

Activities Evaluated: 90% of Disbursements

With these caveats, the activity lists show a total of nearly 300 different activities funded during the 1994-1997 period. A number of these were one-time small grants. In the attached inventory of activities and disbursements these have usually been aggregated into a "Various minor activities" group in the DAC sub-category where NORAD classified them (see annex table 1). This has reduced the number of activities to around 230. From this, just below 90 activities were selected for the results evaluation, but they represent nearly 90% of total disbursements, and include all forms and sub-sectors of activities.

Evaluation Criteria: 19 Dimensions

Three sets of criteria were used for evaluating the activities. The first one is a slightly modified version of the five criteria that are defined in the Ministry of Foreign Affairs' "Handbook in Project Evaluation". The second set consists of five aspects of identification, reporting and monitoring of the activity. The third set contains eight crosscutting issues noted in the Country Strategy plus the overarching goal of poverty reduction. Annex 5 gives a description of these evaluation dimensions.

Evaluation Matrix: 1,800 Cells

The evaluation team filled out the matrix based on the assessment of the written material surveyed and the

additional information received through the interviews. That is, even if documentation contained an evaluative statement about one or more of the relevant dimensions, the team has not necessarily used this one, but the one the team itself deemed the most correct. This exercise thus generated a results matrix consisting of nearly 1,800 cells (see table 8.1).

Each team member was responsible for a number of the projects, and filled out the form as far as was possible for these. Other team members often commented on some of the values, as different team members had looked at the same activities but from slightly different angles. The matrix was also given to the staff at the Embassy, who was given a chance to comment on the ratings values.

Ordinal Scorings – Reliability and Validity

For each dimension, the team first decided whether it was relevant to the particular activity being reviewed. If not, an "N" for "not applicable" was used. Then the question was if the information available would permit making an assessment on that dimension. If data were considered insufficient, an "X" was used. Finally, if both information and relevance was established, a numerical value from "0" to "3" was given for that particular dimension where the values were taken to be equivalent to "unsatisfactory", "poor", "good" and "excellent".

There are good reasons for questioning the objectivity/reliability and validity of these ratings. The team had limited information – largely archive material – and limited time to carry out this exercise. The team should ideally had more time to discuss carefully the criteria for giving a "0", "1", "2" or "3" along each dimension. It should also have discussed the entire table, paying particular attention to outliers – ratings that were out of line with the values of similar activities.

During the discussions, it also became clear that the understanding of what was being assessed – the project itself, or the project in the context of larger programmes, for example – varied, so different individuals would score an activity differently on a given dimension. Some seemed to be more critical in general and would tend to give lower scores on that ground alone. For such a numerical rating exercise to have any validity and reliability, therefore, it is important that (a) the understanding of what is to be rated is very clear to all, (b) the criteria for allocating the different numerical values is reasonably clear and that doubts are discussed.

Giving Overall Ratings to Activities

Given the *ordinal* values utilised, it is difficult to find a summary score for each activity. Yet if an activity is assessed across 19 dimensions, it is important to somehow convey what the overall rating is. The choice made here was to classify the projects into the four categories of “failure”, “poor”, “good” and “excellent”, represented by the four numerical values from “0” to “3”. The challenge was to identify the cut-off points for the various categories.

Two solutions were attempted. The first one was to use a more rigorous scheme by establishing a weighting classification. This could have been that a certain percentage of the scores had to be “3” to merit the average score of “excellent”, or that the *average* score was above “2” or something similar. This approach had to be abandoned, partly because with ordinal numbers averages are not meaningful, but also because the cut-off points between for example a “2” and a “1” were arbitrary and some of the outcomes of the exercise made little sense. One reason for this was that some activities scored very high on the averages because they could only be scored on a few dimensions, such as the *UNDP Election Observers* or the *Special Audit IPC*. These were “specialist” undertakings that did very well along the dimensions they had been designed for, but from an overall programme point of view it was not very meaningful to classify them as “excellent” since they contributed to a very limited range of the overall programme.

The second approach was to rank the activities directly – that is, a subjective score was given to the total just as it had been given to the various dimensions. While this way of rating was to some extent more arbitrary, it provided an outcome set which seemed to make more sense.

In addition, two summary figures for some of the 19 *dimensions*, such as gender and poverty reduction, were produced. The first one was a general ranking for the dimension – how well that dimension seemed to be addressed in the programme as a whole. This is a rather flimsy figure, and it is not clear how one might interpret it, but perhaps as an indication of the “depth” of the success along that dimension. The other figure was simply the percentage of activities that had at all been rated along that dimension – that is, the “breadth” of that activity within the programme.

8.2 The Evaluation Matrix

The attached results matrix (table 8.1) is the evaluation team’s “best guesstimates” as far as the results of the various activities are concerned. In general, the matrix shows that the infrastructure activities score high on

many dimensions compared to other sector activities. But the highest scores are often attained by narrow or specialised activities. These only scored on a limited number of dimensions, but tended to score quite high on these.

The high scores on infrastructure activities are due to a series of factors. Norway has been involved in these sectors for a long time and is therefore now an efficient actor in these fields. The Norwegian firms involved are leading in their sectors and combined with their long involvement in Tanzania generally deliver good value for money. Infrastructure projects in general tend to be easier to manage and ensure outcomes on as more factors are predictable and can be internally managed by project management than in “softer” activities like community development or natural resources management. Finally, Norway within these sectors has focused on the hardware side, which in itself reduces risk.

New activities tend to score lower. This is for two reasons: (i) new activities have few outputs or outcomes to show to and thus less to be rated on, and this lower “visibility” tends to lower the general assessment of the activity; (ii) new activities go through a learning cycle with a higher percentage of mistakes and disappointments in the early phases, so performance at this stage is “objectively” worse.

When looking at ratings for *dimensions*, this was only done for some of the 19 dimensions. On the general rating, *poverty reduction* and *new forms of collaboration* were rated as “poor”, the others as “good”. With respect to percentage coverage – the “breadth” dimension – this varied considerably. 84% of the activities received a score on the gender dimension and 50% on the environmental. This implies that the mainstreaming of gender has been quite successful.

When it comes to interpreting the dimensions findings, this is problematic. The general rating of the “depth” or “quality” for an entire dimension is perhaps less meaningful than for individual activities. The fact that gender and environment both score “good” on the general rating does not give much information to decision makers about where they need to focus attention to improve the quality of the programme. But by going down the matrix along the dimensions, a picture can be seen of gender for example generally scoring lower than environment. If this scoring is to be trusted, this points to an issue on the gender dimension: it may be mainstreamed quite well, but outcome so far is not satisfactory.

The most interesting data in the table are presumably the *average* ratings. Looking at the nearly 90 activities

that were included in the table, only 67 were in fact rated on this dimension. The remainders were largely smaller activities both in terms of budgets and role in the program, and it was difficult to get a clear overall picture of these activities' performance.

The 67 activities that were rated represent 85% of total expenditures. Of these, only two were considered outright failures, while eleven were rated as "poor". Nine activities were rated as "excellent", while the remaining 45 were considered "good". In terms of disbursement, the activities that were rated as "good" or "excellent" represented more than 80% of the activities that were rated, while under 20% of the funds went to activities that were considered unsatisfactory.

The projects rated as "excellent" were selected for different reasons. Pangani Falls was a major project where Norway played a lead role, it was finished on time and under budget and has performed well since, so despite some questions that have been raised on the environment side, this is clearly a good project. Lower Kihansi was rated as "good", not because it is necessarily any worse than Pangani, but because the final outcome is still not clear. It may at a later stage be considered "excellent" as well. The debt relief operation is cost-effective, easy to monitor, has the impact that is expected – but of course is also a very simple operation. MACMOD and PRIDE, though still under implementation and facing some problems, have on their own terms performed very well, and thus again put above simple being "good". Small projects like the AMREF Aids and JET's environmental information activities seem to be examples of well-focused, well-planned activities that have impacts way beyond their own immediate activities, either because they become "best practice" cases (AMREF) or have major impact on a larger audience (JET).

The two "failures" were a rather small ferry project, and the considerably larger Sao Hill sawmill. While the first project has ended and therefore undoubtedly is a failing, Sao Hill is entering a new phase on more commercial terms. It may be that if Sao Hill now is in fact turned around, that the dismal period experienced during the mid-1990s will be considered an interlude between what was seen as an outstanding case of Norwegian aid support in the 1980s (see page 47).

This points to a major issue when using the matrix, as the ratings given for activities that go beyond the period in question may very well change in subsequent periods. The ratings for Pangani is more reliable as a measure of how well the project did than the one on Lower Kihansi exactly because it is a finished activity and can more easily be assessed along dimensions like financial sustainability, etc. What is said about Sao

Hill is thus an assessment of Sao Hill *during the period 1994-1997* and may not hold for the project as a whole.

Some activities were given an overall rating even if they could not be rated on many other dimensions. The two new framework agreements with the universities of Sokoine and Dar es Salaam just became operational and has disbursements in 1997, so little can be said about their performance. They have, however, been given a "2" as a general rating since they are based on on-going activities and represent in many respects an improvement on what went before.

This points to another problem, which concerns the interpretation of the results. While projects on their own terms may be performing quite well – like the two framework agreements – but the overall programme of support to higher education is questionable, the project ratings may *not* be a good indication of the overall efficacy of resources used. The ratings are thus on how well the projects performed against the criteria that had been set for them.

Results Matrix: Possible Uses

This exercise shows how such a results matrix can be used if it is done well:

- Each activity has a general rating that says something about the degree to which it is attaining programme objectives. If the rating is low, this is a signal to management to review that activity more carefully. Having ratings along the various dimensions may help pinpoint where the problem lies.
- It may make sense also to rate programmes or sectors, not just activities. This rating should be done separate from and not as some aggregation of the individual activities, because a programme may be quite good even if a couple of the activities are very poor. Programme ratings may in many cases be of more value and more realistic than ratings of individual activities. The basic value may be in comparing programme or sector performances with each other along the different dimensions.
- In the table, ratings along various dimensions could also be done by programme area. This may show management that the gender dimension is being well addressed as far as higher education is concerned, for example, but not in the infrastructure sector. It may show that activity and financial reporting overall is quite acceptable, but that it is very poor in the roads sector. This may once again provide a signal about where to put additional efforts over the coming period.

- If such a rating is used systematically, for example at the end of every year as part of the Management Plan (“virksomhetsplan”), it can be used to track performance over time. This can be at the level of individual projects (“did we successfully tackle the problem project we identified last year?”), the programme (“has the energy sector improved its performance compared with last year?”), the overall cooperation, or a particular dimension.

Understanding the Matrix: Comparative Information

The most meaningful way of using such a matrix is for *comparative* purposes. That is, the ratings in themselves have limited meaning, but they assist management in making comparisons – across dimensions, across activities, across programmes, across time. Such a rating exercise only makes sense if the information generated is helpful to management for taking corrective action. As aid management often has problems finding tools that may help it improve the use of funds, such results matrices may be a helpful addition to programme monitoring.

One of the problems with the results matrix is its size, since nobody can read the full information from 1,800 cells. That is one argument for doing the average ratings, which reduces the information to 100 numbers or less.

Establishing this average rating figure for a specific activity is not straightforward. Is an activity successful if it addresses a wide range of objectives in the programme – has values along a high proportion of the matrix dimensions – but perhaps does not score very high on any of them? Or is it successful if it scores high on a few dimensions but does not contribute to the others? The approach taken here was that it was more important to provide across-the-board contributions – but there is no obvious justification for choosing one over the other.

8.3 Some Lessons

The time the team had available to fill out the table was not sufficient to do justice to the exercise. Despite this, the team saw that such an exercise had a number of positive dimensions that are worth noting:

- It imposes completeness and helps establish greater uniformity in the way activities are assessed. For a large evaluation team (or a large Embassy programme staff), where many individuals have separate meetings and review different documents, being able to establish standards and harmonise procedures is important. It structures the process so that it is possible to come up with a reasonably consistent and coherent output within a short period of time.
- It makes the team reflect on whether information is available or not, and whether it is of good enough quality and accurate enough to draw conclusions regarding the various aspects of the activity. If not, this in itself is a warning that monitoring is not sufficient – information is lacking!
- The numerical ratings may be artificial, but the system assists the reflections regarding how well an activity really performs along different dimensions.
- It provides a lot of short-hand information to many different actors who are in some way engaged or interested in the programme. Whether one agrees with the particular rating or not, it shows how others assess the performance. It thus provides an efficient vehicle for communication, as it identifies possible areas of disagreement, and disaggregates the overall assessment along dimensions that allow for a fruitful discussion of parts or aspects of a particular activity. This becomes important if one is to use the information for management actions and possible corrective steps.

Activity Ratings: Which Time Period is being Assessed?

One question was if the activity was to be rated on its “average” performance during the entire four-year period, or end of period outcome? The team chose the latter, saying that if a trend was in the right direction, this should be considered positive and thus recorded as such. But it highlights the problem of a static table trying to say something about a dynamic and oftentimes fast-changing programme.

Programme versus Activity Rating: The Macro-Micro Paradox

The ratings for an activity would be different if one were to consider the overall programme context within which the activity was situated. The cost-effectiveness of road rehabilitation, for example, is much better now than it was five years ago. This is not because the per unit cost of rehabilitation has fallen, but because there is now a much better maintenance programme in place.

This points to a fundamental issue when trying to relate activity outcomes to programme outcomes. A programme outcome may be both more or less than the sum of its parts. If the road rehabilitation were done without maintenance in place, the programme would have been better off if some of the funds had been taken from rehabilitation and put into maintenance. Conversely, if maintenance is in place and a structure for ensuring cost-effective rehabilitation

through using appropriate technologies, open competitive procedures for contract awarding etc, the impact on the programme is much greater than when just adding up specific projects. The framework conditions thus matter: the *same* activity under different sector conditions gets very different ratings, such as road rehabilitation today compared with ten years ago, and where the improvements are not due to any inherent characteristic of the activity itself. It thus can become difficult to define what it is that is actually being rated.

Activity Achievements and the MoU: Time Horizon Mismatch

The exercise was to rate activities against the priorities in the MoU. Most activities, however, had begun well before the MoU was signed, and thus had been defined and implemented according to somewhat different criteria. The only activities that ought to have been rated were those that had been identified *after* the MoU was signed in October 1994. These, however, would have been under implementation for a very short period of time, so carrying out a *results* evaluation would not have made much sense. A strict results evaluation should probably have been done on activities implemented during the 1988-1993 period, because by now one could see if financial and organisational sustainability had been attained against the criteria defined at that time, for example. The current exercise should have been a *process* evaluation of the activities carried out during the 1994-97 period, to see if *changes* in implementation were in line with the new strategy, rather than expecting to see definable *outcomes/impact*.

Programme Success Criteria: Excessive Number of Objectives

One reason the evaluation matrix is unwieldy is that the number of objectives for the programme is excessive. The programme is too complicated in terms of what it wishes to achieve, and thus loses focus. Norway has to become much better at defining what are the overriding concerns, and focus on these. Other dimensions may become *instruments* for achieving these, but should not be ends in themselves. This hierarchy of objectives and goals should be clarified.

Rating Exercises: Costly and thus need to be Focused

Rating is a cumbersome and time-consuming activity. It should be used sparingly, since spending as much time digging out information on a small-scale activity as for the larger ones is not cost-efficient. One could select to only rate the 20 largest projects, or only those with disbursements over NOK 1 million per year, or with total budget over NOK 5 million, or use some other criteria for cutting down the number of activities to be rated.

8.4 Continuous Monitoring

Knowing that activities will be rated according to certain pre-defined dimensions makes the continuous monitoring activities easier to structure. Programme staff will be conscious of collecting relevant information, and those responsible for the activities will also be aware that they will be judged according to certain criteria. This runs the risk of becoming a straightjacket – activities are *only* assessed by these limited ratings. But used intelligently, it may help management identify problems early on, so that interventions come before distortions or problems develop and thus become more costly to address.

Continuous Monitoring: The Need for Improved Reporting

The current reporting system does not, however, lend itself very well to such formal rating/tracking. Reports are not standardised in terms of the dimensions they report on, the periodicity of reporting is variable, the comprehensiveness varies a lot – in short, there is a lot of discretion exercised by the reporting party when presenting the papers. This problem will increase as Norway relies more and more on standardised national reporting systems, since quality differences can vary considerably from one ministry to another. This is another reason why national authorities and the donors involved in a given area need to agree on the success criteria beforehand, and then track performance along these. Whether they conform to the ones *Norway* would prefer becomes less important than that the national programme has clear objectives that are to be fulfilled, and that reporting analyses the variances of outcomes with respect to these.

Monitoring Information: Serious Gaps

The greatest problem the evaluation faced, was the lack of relevant information accessible in a systematic fashion. One reason is that there does not seem to be a clear set of criteria for deciding when an external review is to take place, when a full-scale evaluation is required, and when internal reporting from the activity itself is sufficient. There is furthermore not systematic reporting along certain well-defined dimensions with a focus on achievements, shortfalls and options for management regarding decisions to take. Many of the reports are good – the issue is the *systematicity* in the reporting which a document-based review like the current one is dependent on.

A simpler but more transparent deviance reporting would be of great help. The entire report would of course contain a lot more, but a structured summary on key issues would help enormously in understanding such a large and complex programme as the Tanzanian one. It is also unfortunate that the finalisation document (“avslutningsdokument”) is mostly an adminis-

trative paper that does not try to summarise lessons learnt, whether positive or negative. This is the only “final word” on an activity as it closes down, so it is a shame that there is no systematic attempt at recording what has been achieved, and at what cost.

Missing: System for Monitoring and Evaluations

One of the tasks that the Management Plans deal with, is which activities are going to be subjected to an external review during the coming period. But there does not seem to be good criteria for making these choices. Even large programmes have gone literally for decades without a serious review being carried out. The assistance to Sokoine University was subjected to its first-ever evaluation after 25 years and NOK 250 million of assistance – and then only because the MFA asked for this as a case study in connection with a larger study of Norwegian assistance to institutional development. NOK 300 million have been spent on the water projects in Rukwa and Kigoma, and as these come to an end, there have been no comprehensive evaluations.

One of the problems is a systemic one. NORAD is not authorised to carry out in-depth evaluations, only the Ministry can do this. This means that the reviews that NORAD undertakes often are constrained, sometimes almost administrative in their approach. The questions asked are at the level of cost-effectiveness – “are we doing the things right?” – and not on efficacy – “are we doing the right things?”. The reviews thus often answer the second-order questions, and not the more interesting ones regarding systemic impact.

The evaluations carried out by the Ministry tend to be broader, thematic ones – either on total country collaboration, like the present one, or on sector experiences across countries. But they are few and far between, and usually do not look at longer-term programmes within a particular country.

The problem of lack of consistency between the various kinds of reviews and evaluations undertaken by Norwegian aid authorities was pointed to in the assessment done six years ago for the MFA on the lessons from such evaluations (MFA Evaluation Report 1.93). It was noted that the evaluations done for the Ministry by and large were good and professional, with a focus on policies and the impacts of aid. The *project reviews* done by NORAD were of varying quality, in part because there are no standards, and there are 40-50 a year. There the focus was on the delivery of aid, and some on impact. There were, however, no links between the two sets of reviews. Six years later, this still seems to be the case.

The 1995 Commission: The Lessons Still not Learned

The Government in 1994 appointed a commission to review Norway’s development cooperation. It presented its report in 1995, and noted among other things that “*the commission is worried about the weaknesses regarding lack of attention to quality and unsatisfactory results-orientation with respect to development assistance. The commission underlined the need for developing better quality assurance systems in all parts of the aid system.*” (NOU 1995:5, page 15 - informal translation from the Norwegian). Further, “*Development assistance has had the greatest positive impact when it has been provided within a context that is conducive to development. Experience also shows that the economic value of the aid to the recipient is considerably less than the monetary costs to the donor countries. A number of aspects regarding the organisation and implementation of our aid policies leads to results that fall short of expectations.*”

“*NORAD must therefore contribute to strengthening the recipient’s own capacity to plan, prioritise, implement and monitor aid activities... Donor organisations must therefore (also) collaborate on joint demands and routines within the particular country, taking into consideration the recipient country’s own internal systems. Experiences from international and Norwegian aid assessments show that certain elements are particularly important for improving the quality of aid-financed activities:*

- *good planning: that the activity is well thought out and has been assessed, analysed and discussed with relevant and competent persons;*
- *good integration into recipient systems: that the activity has been planned by or in close cooperation with a recipient institution that has shown an active interest in the preparations and implementation;*
- *relevant technology and design of the activity: it is particularly important that the activity has been designed in such a fashion that the continued maintenance and operations of the activity is compatible with the recipient’s skills and capacity;*
- *Norwegian funded activities have shown themselves to be particularly poor with regards to cost-effectiveness, and that a lack of costing studies as well as more complete cost-benefit analyses is one of the reasons for this”.*

The points raised by the Commission are valid today as well, and in some areas there is a conscious effort at addressing them. Norway seems particularly con-

cerned with integrating into national systems, and ensuring more relevant technology and design as exemplified by the changes in the road sector programme. Where there still seems to be some way to go, regarding more rigorous appraisals of projects before they are undertaken, including the Commission's worries on looking at cost-effectiveness and socio-economic studies in general.

8.5 Summing Up

- About 90 out of the total of 300 activities funded during the 1994-1997 period were selected for inclusion in a results matrix. These 90 activities represent 90% of disbursements for the period. The results matrix contained a total of 19 dimensions that each activity was potentially rated on, giving an overall matrix containing nearly 1,800 cells.
- Generally, infrastructure activities scored quite well. This is seen in part due to being activities in sectors where Norway has long-standing co-operation; engineering activities in general tend to be easier to manage; Norwegian firms involved are of high quality; and Norway has focused on the hardware dimensions in terms of disbursements.
- Ratings were done on some of the 19 evaluative dimensions. Two figures were given: the percentage of activities that had been given a rating on that dimension (the "breadth" of that dimension in the programme), and a general assessment on results (the "depth" or quality). The latter figure in particular is seen as having a flimsy base.
- Of the 90 activities, 67 were given an overall rating. Two were seen as failures, eleven as poor, and nine as excellent, while the vast majority – 45 in all – were rated as good. The 67 activities represent 85% of all disbursements, and the 54 activities rated as good or excellent represented 80% of this again – that is, of the activities the team felt it could rate, four-fifths in terms of disbursements were considered to have performed well.
- The matrix as such is seen as potentially a useful tool, but with so many dimensions and activities it becomes unwieldy, pointing to the need for simplifying the programme itself.
- Average ratings of activities were seen as perhaps the most meaningful indicator, but should be used for *comparative* purposes, particularly to track developments over time, *not* as an absolute indicator of performance.
- It is difficult to be certain what is being rated, as contextual variables influence perceptions of performance of the activities themselves.
- The need for an improved *system* of monitoring that is also of a more *continuous* kind was stressed. This requires a restructuring of reporting, but also that a more consistent system built on good appraisals and a complete tracking system is in place. This clearly will require that more resources be allocated to this area, which is another argument for concentrating resources in fewer areas, so that a more intensive monitoring system is cost-effective.

Table 8.1 Results Evaluation		General Criteria				Activity Implementation				Cross-cutting Issues												
Number	Title	Strat.relevance	Impact	Cost effectiveness	Financial sustain	Organizational sust.	Appraisal done	Monitorable indicators	Financial reports	Activity Reports	External Monitoring	Poverty Reduction	Gender	Environment	Inst'l development	Coordination	Recipient resp'y	New forms of collab	In GoT budget	Local Resource Mob'ion	Average	
	Non-sector Specific																					
TAN 100	Import Support	1	2	3	N	N	0	1	2	N	3	1	N	N	1	2	2	2	0	N	2	
	Debt relief	2	2	3	N	N	2	1	2	N	X	1	N	N	1	3	2	2	2	N	3	
TAN 026	Political Reform Programme	3	1	2	0	1	X	1	3	N	N	N	X	N	X	X	3	N	N	0	2	
TAN 026	UNDP: International Observers	2	2	2	X	X	X	X	3	2	N	N	X	N	X	X	3	N	N	N	2	
TAN 063	WLAC: Legal Aid Scheme	3	2	3	0	2	0	2	2	2	0	N	3	N	2	2	3	N	N	1	3	
TAN 076	Kuleana: Children's rights	2	2	2	1	2	2	2	X	X	N	N	2	N	2	2	2	N	N	1	2	
TAN 094	Democratization Activities	3	1	2	N	N	N	2	2	2	N	N	N	N	N	N	2	2	N	1	2	
	Norges Forb Psyk Uthv: Advocacy Disability Org	2	1	X	1	2	X	1	2	2	2	X	2	N	2	2	2	2	0	1	X	
	Planning, Public Administration																					
TAN 084	MACMOD	3	2	2	2	2	3	0	3	3	3	N	N	N	1	0	2	N	0	2	3	
TAN 084	Consultancies, regional dev't etc.	3	2	2	1	1	N	N	2	2	N	N	N	N	2	2	1	N	0	2	2	
TAN 084	Special audit IPC	3	3	3	N	N	N	N	3	2	N	N	N	N	1	2	2	N	N	N	2	
	VIAK: Urban Sector Engineering Typo Mapping	0	1	X	1	2	2	2	2	3	3	N	N	2	2	2	0	0	N	0	2	
	Public Works																					
TAN 051	Petroleum Sector Program	3	2	2	0	2	2	2	2	2	3	1	0	2	2	1	1	0	0	1	2	
TAN 061	Zanzibar Power Supply	3	2	3	1	1	2	2	3	2	0	2	N	2	1	1	0	N	0	1	2	
TAN 075	Pangani Falls	3	3	2	3	3	3	3	3	3	3	3	1	2	3	3	2	3	2	2	3	
TAN 084	Consultancies, power distribution	2	2	1	N	N	2	N	N	N	3	N	N	1	1	1	2	1	N	1	X	
TAN 093	Kurasini Oil Jetty	2	3	2	2	2	3	1	1	3	1	0	1	1	1	1	1	1	1	0	2	
TAN 101	Lower Kihansi Power Project	3	X	2	1	2	X	2	N	2	3	2	0	2	1	3	2	3	2	2	2	
TAN 109	Kidatu Rehabilitation	2	X	2	2	X	2	N	2	2	2	N	0	2	1	2	2	N	2	1	2	
	ABB: Equipment deliveries (various)	1	X	2	N	X	2	2	2	2	3	1	0	1	1	2	0	X	0	1	2	
	NORCONSULT & Swedpower: Hydropower Plan	1	X	1	N	X	2	2	2	2	3	1	0	1	1	2	0	X	0	1	2	

Table 8.1 Results Evaluation		General Criteria					Activity Implementation					Cross-cutting Issues					Average				
Number	Title	Strat.relevance	Impact	Cost effectiveness	Financial sustain	Organizational sust.	Appraisal done	Monitorable indicators	Financial reports	Activity Reports	External Monitoring	Poverty Reduction	Gender	Environment	Inst'l development	Coordination	Recipient resp'y	New forms of collab	In GoT budget	Local Resource Mob'ion	
TAN 072	Road Rehab - Same-Himo	3	X	2	2	2	3	2	1	2	1	2	2	1	2	3	2	2	2	2	2
TAN 080	Road Sector Agreement	2	3	2	2	2	3	2	2	3	2	2	2	2	2	3	2	2	2	2	3
TAN 084	Road consultancies	1	2	2	1	X	2	2	1	2	2	2	1	2	2	2	2	2	2	2	X
TAN 096	Road Rehab - Chalinze-Melela	3	X	2	2	2	X	2	1	2	2	2	2	2	1	2	2	2	2	2	2
	NORCONSULT: Roads II	2	2	2	N	X	2	1	1	2	2	1	2	2	2	3	0	2	N	1	X
TAN 066	UNDP: Water management	1	2	2	0	X	X	1	2	1	1	3	2	3	1	2	2	2	2	2	1
TAN 072	UNICEF: Water and sanitation	1	2	2	0	X	X	1	2	1	1	3	2	3	1	3	2	2	2	2	2
	Lyngen Ferries: Zanzibar Sea Ferries	0	1	1	0	2	X	2	1	1	N	N	N	1	N	N	N	2	N	2	0
	Primary Sector																				
TAN 057	Catchment Forestry	2	1	1	1	1	2	2	2	3	1	1	1	3	2	1	1	0	1	0	2
TAN 066	Marine Reserve Songo/Tanzania frontier	2	2	1	0	1	2	2	2	0	N	N	1	3	2	1	2	2	X	0	X
TAN 070	Shinyanga Afforestation Project	3	3	2	1	2	3	3	2	3	2	2	2	3	2	2	2	2	1	1	3
	Selskap N Vel: Pilot Coops	1	X	1	X	X	1	2	X	X	2	2	2	3	X	X	1	0	X	0	X
	Industry, Mining, Crafts																				
REG 084	Industry Quality Control - Veritas	2	2	X	1	X	2	2	2	2	2	N	X	2	2	1	1	2	X	X	1
TAN 021	Sao Hill Saw Mill	1	0	0	0	0	1	1	2	0	0	0	0	1	0	X	2	1	X	1	0
TAN 066	Cleaning Production Cetr of Tan	1	1	1	0	0	2	0	2	0	0	0	0	2	1	1	1	0	0	0	1
	Sao Hill Privatisation	1	1	1	N	N	X	2	2	1	N	N	N	N	N	N	0	N	N	N	1
	Services (finance, tourism, etc.)																				
RAF 089	Regional Enterprise Devt Institute	2	1	1	0	2	1	1	2	2	0	2	2	1	2	1	1	0	0	2	2
TAN 089	PRIDE Tanzania	3	2	2	2	2	2	3	3	3	3	3	2	N	3	1	2	2	N	X	3
	Education and Research																				
	NORAD Volunteers	1	1	1	0	0	X	1	2	1	2	0	2	1	0	1	2	1	X	X	1
REG 083	SUA - Forestry Training	2	2	1	1	2	2	2	2	2	2	X	1	2	1	N	2	1	0	0	X
TAN 022	SUA - Forestry Faculty	2	2	1	1	2	2	2	2	2	2	X	1	2	1	N	2	1	3	0	2
TAN 025	Dar Maritime Institute. DMI	1	2	X	2	2	X	1	X	2	1	X	0	N	2	X	X	1	1	1	X
TAN 047	UDSM - Chemical engineering	2	2	1	1	2	0	2	2	2	2	X	1	X	2	X	3	1	3	1	2

Table 8.1 Results Evaluation		General Criteria				Activity Implementation					Cross-cutting Issues										
Number	Title	Strat.relevance	Impact	Cost effectiveness	Financial sustain	Organizational sust.	Appraisal done	Monitorable indicators	Financial reports	Activity Reports	External Monitoring	Poverty Reduction	Gender	Environment	Inst'l development	Coordination	Recipient resp'y	New forms of collab	In GoT budget	Local Resource Mob'ion	Average
TAN 048	UDSM - Chemistry	2	2	1	1	2	0	2	2	2	2	X	1	X	2	X	3	1	3	0	2
TAN 058	Inst of Development Management	2	1	1	0	2	2	2	2	2	2	0	1	N	2	2	3	2	3	0	2
TAN 064	Research Cooperation	2	X	X	1	X	X	X	2	X	1	X	X	X	2	N	X	2	N	1	X
TAN 081	SUA - Soil Science	2	2	1	0	2	2	2	2	2	1	X	1	2	1	N	2	1	3	0	2
TAN 085	SUA - Animal Science	2	2	1	0	2	2	2	2	2	1	X	1	2	1	N	2	1	3	0	2
TAN 088	SUA - Short courses at ICE	2	2	1	0	2	2	2	2	2	1	X	1	2	1	N	2	1	3	0	X
TAN 082	NETF	2	1	0	1	1	2	2	2	2	3	1	3	N	1	2	1	2	3	1	1
TAN 084	Master plan secondary education	2	X	X	N	N	N	N	2	N	N	X	2	N	N	X	N	2	N	N	X
TAN 091	SUA Framework Agreement	3	X	2	1	2	2	X	N	N	N	N	X	X	2	2	2	2	X	1	2
TAN 103	UDSM Framework Agreement	3	X	2	1	2	2	X	N	N	N	N	X	X	2	2	2	2	X	1	2
TAN 104	UNICEF: Primary and Basic education	2	1	X	1	2	2	2	2	2	1	X	3	N	1	2	2	2	3	1	2
TAN 107	UNICEF: Study on Children	2	N	N	N	N	N	N	2	N	N	1	3	N	N	N	N	2	0	N	X
	LO: TFTU Finance Mngt Workshop	3	2	3	0	3	0	0	3	3	0	N	0	N	3	2	2	0	0	3	2
	N Sykepleierforb: Dev Tarena nursing org'n	2	2	N	1	2	X	1	2	2	X	X	3	N	2	N	2	2	0	X	X
	Health & Population																				
	N L Misjons: Haydom Lutheran Hospital	1	2	2	1	1	X	X	2	1	X	1	2	N	1	N	X	2	1	2	2
	N L Misjons: District Designated Hospital	1	2	2	1	1	X	X	1	0	X	1	2	N	1	N	X	2	X	2	2
TAN 078	UNFPA: Muhimbili Family Planning Centre	1	1	2	2	3	3	3	1	2	3	1	2	3	1	3	2	0	X	2	2
TAN 097	UNICEF: Maternal Mortality project	3	2	X	0	2	0	2	3	2	0	1	3	N	1	2	1	0	N	N	2
TAN 108	UNFPA: Reproductive Health & Family Planning	2	2	X	0	2	1	2	X	X	X	2	3	N	2	3	1	0	N	N	2
TAN 074	MUTAN - Aids control program	2	1	0	0	1	2	2	3	3	2	0	1	N	1	0	1	2	0	0	1
TAN 076	Red Cross: Community based aids centre	2	2	1	1	2	2	1	2	2	0	1	2	N	2	1	3	2	N	2	2
TAN 076	SWAA-T: Aids information	2	1	2	1	2	2	0	2	2	0	1	3	N	1	2	2	2	N	1	2
TAN 083	AMREF: Truck drivers project	2	3	X	1	2	X	2	X	X	X	2	2	N	2	2	2	2	X	1	3
TAN 083	UNICEF: School aids projecct	2	2	3	1	2	2	2	1	3	0	2	2	N	2	2	1	X	N	0	2
TAN 083	WAMATA: Inst Dev't, Info etc	2	2	2	1	2	X	X	1	2	X	X	2	N	2	2	3	N	N	1	2

9 Country Strategy Documents

The country strategy documents were to function as steering and reference documents for the Tanzanian-Norwegian development cooperation. One issue is to what extent this has happened, and in the cases where the documents were not followed, what were the causes.

9.1 The Strategy Process

In the late 1980s, NORAD and MFA commissioned comprehensive country studies that analysed the situation and development challenges in the recipient country, and made proposals regarding how the cooperation could be improved. The studies were costly and took considerable time. The situation in many of the partner countries was quite fluid, so it was important to have the analyses done faster. Furthermore, programmes that were too detailed could over time lead to rigidities that reduced Norway's ability to respond to changes in the recipient country and thus reduced the relevance of the assistance.

In 1992, Norway's Ministry of Foreign Affairs changed the programming process by making it more compact, with one mission producing a short document containing both an analysis and general recommendations for future cooperation. In late 1992 a decision was taken to develop a new country strategy for Tanzania. Five reasons were given for this: (i) it was five years since last time a review was done and therefore time for a new one; (ii) in 1986, Tanzania embarked on its first Structural Adjustment Program, SAP. There was a need to review the impact of the SAP and the implications for Norway's cooperation; (iii) in 1992, Tanzania formally introduced a multi-party system, with new elections to be held in 1995. This meant that the political framework conditions for collaboration were different; (iv) Tanzania's aid dependence had increased during the intervening years. The country's ability to use aid effectively was to be reviewed; (v) Norway's assistance to Tanzania was spread across many sectors, which was demanding on both recipient and donor. Better co-ordination and concentration were therefore key issues that were to be looked at. One consideration that was not mentioned in the MFA decision note was that the criticism of Tanzania's performance both abroad and in Norway was quite intense during this period. The political pressures to address the shortcomings regarding the utilisation of Norwegian funds in Tanzania were considerable.

The Process: Norwegian Driven

The strategy mission consisting of six Norwegians was fielded in October-November 1993. The need for the mission had been discussed with the Tanzanian authorities, but with no request for any particular prepara-

tions. During the three weeks the mission spent in country, a large number of meetings were held with stakeholders in Tanzania: public officials, civil society representatives, other donors, etc. By the end of the mission, a draft strategy was produced. It suggested that Norway should phase out its rather limited support to petroleum, railroad, harbour, and mapping activities, but also the large-scale support to the road and district development sectors. General balance of payments support in the form of import support was to be reduced and held back till the problems of mismanagement in the sector were addressed.

Tanzanian Viewpoints: Weak Contributions

The donor community had put pressure on the Tanzanian authorities to produce a donor co-ordination strategy. In 1992, the Ministry of Finance had finally presented a plan where Norway was asked to focus on the three sectors of energy, roads and education. The MFA's mandate for the strategy process made explicit references to Tanzania's request. The mission was therefore at pains to sound like it was in line with the Tanzanian request to remain in roads by stating that "these (wishes) have been responded to by keeping the road sector, but phasing it out"! In the end, roads was retained as a sector. One reason was that with the rapid decrease in balance of payments support, Norway had to have one other sector besides energy that could disburse large amounts during the entire strategy period.

Another reason was that the Tanzanian proposal was not a strong one and thus was easy to ignore. It did not have a realistic macro frame that set overall resource limits. There was no *strategy* behind the choice and levels of assistance requested, but simply an extrapolation of existing activities that was based both on poor data but also unrealistic with respect to aid availability and with an implied prioritisation that donors had difficulties accepting. There were no real policy changes being proposed that would have suggested more realistic framework conditions for the activities, and thus no reason to believe that the productivity and sustainability of investments would improve. The suggested sector concentrations for the various donors had not been discussed with the donor community and often did not correspond to where they really wanted to focus their resources. More importantly, however, there had not been a good political process inside the government, so neither line ministries nor central offices like the Planning Commission were on board. The relationship to the overall political system was also weak, meaning that the legitimacy and credibility – in addition to the realism – of the whole exercise was questioned.

Co-ordination with Other Donors: Lacking

The influential study *Does Aid Work* noted many years ago that “donor agencies are not all that good at avoiding repetition of their own mistakes; and they are worse at avoiding each other's, since there is very little communication about failure from one agency to another... There is a strong case for major efforts to improve the learning process, and for strengthening within agencies the incentives to improve the quality of lending, not just its quantity” (Cassen 1986, reproduced in Cassen 1994, p. 12). This issue has therefore been on the donors’ plates for many years, yet is an area where neither Norway nor other donors seem to have come very far. It is striking, when reviewing evaluations by other donor programmes, how different the approaches in fact are though many of the overriding concerns are quite similar (see references in text boxes 7.3 and 7.4).

The idea promoted in the context of the Nordic Initiative of having joint programming and annual consultations has so far not been implemented because some of the actors were not really willing to be that flexible (though Norway has stated its interest in pursuing this avenue). This lack of genuine donor co-ordination is costly to each individual donor but generates enormous costs to Tanzania. In the case of Norway’s strategy, for example, closer dialogue with other partners could have contributed to some crosscutting issues *either* being adopted by a larger number of actors, *or* being dropped because Norway could see that it would be fairly isolated in its attempts at pursuing that particular objective. From the point of view of having an impact on Tanzanian development along that dimension it would not make much sense to retain it. This lack of up-front co-ordination is of course not particular to Norway, but shows the fundamental weakness of having individual partners design own cooperation strategies in the context of poor local ownership and management.

Finalising the Strategy: Internal Norwegian Discussions

The strategy document itself was prepared in Norwegian, and NORAD and the Ministry discussed the draft early 1994. NORAD noted that the strategy did not discuss the problem of corruption seriously enough and felt that the shortcomings of the SAP were not dealt with. They were in particular concerned about what the distributional consequences of six years of SAP had been on the poor. NORAD also felt that the strategy *expanded* the number of sectors, and strongly urged the Ministry to narrow the program down when finalising the strategy document.

Since the signals from Tanzania were politically weak, the debate became an internal Norwegian one, where

disbursement concerns and the vested interests of stakeholders within the Norwegian aid establishment decided the outcome. Political management did not ensure that the original concern of narrowing down the programme was maintained, and thus let the opportunity of focusing the programme disappear.

Memorandum of Understanding: Skewed Ownership

The last part of the strategy document was translated into a 16-page English paper entitled “Goals and strategy for future cooperation with Tanzania”. This presents the Norwegian intentions in a number of areas, but does not include the analytical sections that provide the justifications for the recommendations made. When Tanzania was asked to comment on the strategy during the early fall of 1994, it therefore only had a partial document, though of course the important operational segment.

On the basis of the country strategy document, a Memorandum of Understanding, MoU, was prepared. It noted that the MoU is “intended, together with the submitted Norwegian paper on ‘Goals and Strategy for Future cooperation with Tanzania’, to provide the guidelines and future priorities for Norwegian-Tanzanian development cooperation”. That is, the strategy of which Tanzania did not have a complete version, was important in defining the cooperation.

Norway was of course within its rights to produce its own position paper. The problem was that the document did not open up for a genuine dialogue in a number of areas. It contained statements such as “The Norwegian delegation stated that a ten percent reduction per year in relation to the 1994 level ... is foreseen”. This is not a proposal to be discussed - this is a Norwegian decision being conveyed to Tanzania. The tone and content of the MoU in other areas also reflect Norwegian points of view rather than negotiated agreements.

Norway’s Minister for Development Cooperation and Tanzania’s Minister of Finance signed the MoU on 21 October 1994. It states that the MoU “does not constitute a legally binding agreement”. It is, however, the only formal document at the political level regulating the development cooperation between the two countries, as the annual consultations leading up to signed agreed minutes are usually handled by high-level civil servants.

Coming to Closure: Delayed Process

Nearly two years after it had been decided to develop a country strategy for the 1994-1997 period, the MoU formally came into existence. By the time it was signed, the first year of the four-year period was already at an end. The first annual consultation where

the MoU was operational, was therefore in March 1995. The first agreements to changes could therefore in principle only be taken at that point. The time required to identify, appraise and sign a new project agreement is typically one year, so Norway could only expect the MoU to have an impact on operational matters half-way through the strategy period.

9.2 Strategy Focus

The main objective given for Norwegian cooperation with Tanzania was supporting the development of a sustainable economy that was not aid dependent. Sustainability is usually taken to contain three dimensions: *environmental* sustainability, *sustainable growth*, and *social* sustainability – that is, the equity of the *distribution* of gains from growth. Less aid dependence requires more reliance on own resources: increased local savings, more efficient allocation of them, and development and better utilisation of scarce human resources. The latter includes the empowerment of those segments of society that had not been able to take full advantage of the opportunities potentially available to them – in particular the poor, and women. How to operationalise this development objective in the context of the very difficult situation Tanzania faced was thus an important challenge.

Analysis and Strategy: A Missing Link

The analysis in the country strategy document saw the development of democracy, economic growth, and capacity and skills in the private and public sectors as the key to Tanzania's future. The analysis presents the extreme poverty problems the country was facing, but draws the conclusion that if the overarching framework issues are successfully addressed, this will be the most effective way of tackling poverty as well.

While this analysis in itself is sensible, what was missing was an analysis of likely distributional outcomes of the strategy actually recommended. Without a clearer idea of *outcomes* expected from the process changes, the general criteria arrived at for areas of cooperation provided very little guidance for selection.

The Strategy: Modern-sector Led Development

The most noticeable aspect of the strategy proposed was its continuity and the bias in favour of modern-sector development: energy, roads and higher education. The reasoning is partly that these three sectors are important to the general development of the economy, and partly that these were areas where Norway had experience and particular skills and thus was a cost-efficient partner.

There are several reasons why such a strategy made sense. The learning costs of entering a new sector are

very high, reducing the overall efficiency of the aid programme during the transition period - which can be quite long. Secondly, the *nature* of activities in the sectors was to change by emphasising institutional development, concentrating activities in larger framework agreements and co-ordinating with other donors.

In other countries, however, Norway has deliberately chosen a much more pro-active anti-poverty programme, focusing on activities that would address identified needs of the poor. The early 1990s saw a number of important initiatives for addressing poverty more effectively, most notably the World Bank's *World Development Report 1990: Poverty*. This work, which was important in other Norwegian development cooperation programmes, was not incorporated in the work in Tanzania. In fact the most direct poverty-relevant intervention – district development – was phased out. The reasons may have been good (see section 7.8), but this attempt to address poverty more directly was not replaced by a different approach – Norway simply walked away.

The Political Dimension: Realism and Complexity

The really new dimension in the strategy was the importance attached to *political* factors and the support to the development of civil society. It was realised that these were complex issues, but strategically necessary for successful development. There was less clarity regarding *how* this could be achieved, largely because at the time the strategy was prepared it was impossible to foresee what the process after the 1995 elections would be.

There was recognition that adding these dimensions would be demanding of the Embassy, and that it would have to allocate considerable resources, including staff time, to operationalise and implement the new strategy. It is therefore surprising that the logical consequence of this - reduction in the number of on-going sectors and crosscutting issues – was not better addressed so that human and financial resources could be freed up for the new areas of intervention.

9.3 Use of Strategy Documents

The country strategy is of course not meant to be a static and inviolable statement on the development cooperation. Norway's Parliament each year discusses the aid allocations where new issues may arise. Political management in the Ministry of Foreign Affairs also reviews the cooperation from time to time to see if adjustments are required. The annual consultations between Tanzania and Norway provide the forum where changes to the cooperation programme can be agreed to.

But the MoU, for better or for worse, was signed at the political level by both countries, and thus provides a clear foundation for the cooperation. The basic value to Tanzania is presumably the predictability and clarity it provides regarding Norwegian assistance. This is important for a country that is trying to reconcile conflicting and quickly changing concerns of many cooperation partners. The extent to which the strategy can be relied on is thus of concern.

Tanzanian Use of MoU: Basis for Dialogue

The knowledge of the MoU on Tanzanian side is very limited. Only the Ministry of Finance seems actively aware of it, as far as this evaluation was able to determine. The Tanzanian attitude seemed to be a pragmatic one: Norway is one of many donors that have annual consultations, and Norway's insistence on having the MoU as the foundation for the discussions is seen as one way of structuring the talks. There are parts of the MoU that the Tanzanians are not happy with – the reduction in the country frame, for example – but this is simply a case where they feel they as aid recipients have little choice. On the other hand, the Norwegian concern that there is some sense of “ownership” by the Tanzanians for the documents seems to be shrugged off as a cost of doing business with Norway.

Norwegian Use of Documents: Important Guidepost

The country strategy documents are clearly taken seriously by the Embassy. They form the basis for the annual Management Plans (“virksomhetsplaner”) and the Norwegian position during the annual consultations. Staff both in Oslo and Dar es Salaam find the documents helpful, as they provide a set of guidelines both for the overall focus and the shifts in emphasis within the sectors.

Deviations from Strategy: Norwegian Initiated

There were three sets of activities implemented during the period that clearly deviated from the strategy. The first two were the response by the Norwegian authorities to the Social Summit in Copenhagen in 1995 and the follow-up seminar in Oslo the year after. As an outcome of this, the Embassy was told to look for ways to support primary education and primary health care. This change was formalised during the following annual consultation, and the funding was basically channelled through UN agencies. The justification for insisting on this change was that Tanzania is also a signatory to the Social Summit “20-20”-initiative.

The third “deviation” was the Kurasini oil terminal, where the strong insistence by the Tanzanian authorities was the major reason this was included. Unlike the social sector proposals, however, this was a one-off proposal that was seen as the last activity in a sector

that was being phased out. The primary health care and education areas, however, were introduced as new program areas.

The Embassy had also received signals from Norway that it should consider assistance to the agricultural sector, and a NORAD mission visited to look into possibilities regarding small-scale rural finance. This issue was never taken further, but some officials expressed concern that such possibilities were raised at all, exactly because this would be outside the strategy.

Strategy Changes: Recipient Responsibility?

Basic changes to the strategy have so far been initiated by Norway. While undoubtedly most would agree to the “20-20” principles in general, the issue is how they came to be defined as primary concerns for the development cooperation with Tanzania. As laid out in NORAD's own programme and project manual, and underlined as an important lesson from this evaluation, a careful appraisal should always lie behind the decision to support an activity. This is even more important when deciding on a new *program* (see section 7.3). The questions of Norway's comparative advantage, who else is active in the sector etc., clearly need to be in place before a final decision is taken. But most important of all is a careful dialogue with the recipient is required. It should be up to Tanzania to decide how, in the aggregate, the “20-20” objectives are to be attained, and whether Norway is desired as a partner in these areas or not.

This process was clearly not followed in this case. It was rather driven by a political agenda in Norway, and then more or less conveyed to Tanzania, though of course formally agreed to in the Agreed Minutes from the annual consultation. The troubling aspect is that the MoU was primarily a Norwegian product. The fact that the initiator and real owner of the strategy so easily set it aside when it became politically convenient to do so, raises questions about what was supposedly the joint responsibility for pursuing the strategy.

Ministry Decisions: No Hard Choices

The proposals for new program areas were not accompanied by ideas or decisions regarding which areas Norway in turn ought to leave. Changes became incremental additions, while at the same time the decision to continuously reduce the availability of financial resources through the country frame was maintained. This further fragmented the program, spreading financial and management resources even thinner, reducing overall impact.

Strategy Content versus Management Tool: Mixed Reviews

Staff believe that a strategy process that allows for critical review of achievements and future options is a

welcome chance to reflect on the overall purpose of the assistance. The formalisation of this process in the form of signed documents is also seen as helpful.

The current shortcomings are with regards to the *content* of the strategy documents. There are two sets of comments that tend to be made. The strategy is too ambitious in terms of what is to be done, and thus generates both a feeling of frustration and the sense that it really is not a *good* strategy since it cannot be implemented. The other issue is the lack of a clear vision of what is to be achieved. The overall objective is couched in process terms, and for supporting very general Tanzanian transformations. What is to be attained through these transformations is not clear, since an outcome objective is missing. The ability to measure/see progress is thus limited, which is frustrating for those who are trying to implement the strategy.

The objective was in many respects a realistic one. It essentially says that Norwegian assistance is going to support *Tanzanian* processes - Norwegian support will only be as effective as the Tanzanian processes will allow it to be. This is fundamentally recipient oriented in design and intention. Without the outcome objective, however, general support towards a non-specified "sustainable economy" can underpin development patterns which are not desirable or intended from a typical Norwegian aid perspective. Modern-sector growth that increases incomes and wealth only for a minority but based on ecologically sustainable processes can be imagined. Such a highly skewed growth pattern is what some critics of the current policies would claim is taking place. This would formally be in line with the *letter* of the strategy, but it presumably is not what Norwegian aid authorities would prefer as the outcome of the development co-operation.

9.4 Summing Up

- The 1994-1997 strategy was right in addressing over-arching issues and not getting bogged down in

detailed prescriptions. It was too vague on the desired outcome side, and in particular regarding the distributional dimensions of the strategy chosen.

- The strategy process was very much driven by Norwegian concerns, and thus lacks credibility when asking for Tanzanian "ownership".
- The strategy was good in introducing the political and civil society dimensions and in emphasising capacity building and institutional development. It was unrealistic in introducing these without indicating areas that in turn should be accorded less importance or removed.
- The resultant country strategy was to a surprising extent modern-sector focused with no clear poverty-reduction components included.
- The Ministry was remiss in not focusing the strategy more, both during the preparatory phase, and during implementation when new issues arose.
- The *program* changes initiated during the programme period were initiated by Norway, and their inclusion in the programme lacked even basic elements of analytical preparations and dialogue with the development partner. The inclusion of primary social sector activities, while in themselves laudable, were driven by political agendas back in Norway, so the failure of dialogue seen in the strategy process was repeated when strategy changes came up.
- The strategy has been seen as helpful by the Norwegian staff, but it would have been a more helpful tool also for the Tanzanians if there had been more co-ordination on issues like crosscutting dimensions and harmonisation of approaches to development cooperation.

10 Conclusions and Concerns

The mandate asked for a systematic assessment of the results and experiences derived from the total development cooperation during the period 1994-1997, and whether the results achieved were in reasonable proportion to the resources used. In addition the evaluation was to assess whether the Country Strategy documents have proven to be suitable instruments for steering and reference purposes and that had contributed to strengthening the cooperation and improve the results.

10.1 Conclusions

Tanzania remains one of the poorest and most challenging countries to work in. Macroeconomic and political conditions improved somewhat during the 1994-1997 period, with the economy showing signs of slowly accelerating out of its very low but positive growth path. The process of political improvements has experienced a somewhat opposite trend: a burst of improvements with the coming to office of the new government early 1996, and a slow-down since then. At the same time, however, actors in civil society – media, interest organisations, NGOs – are mobilising more than before, exerting more pressure, so there are positive signs for the future. But during the period in question, framework conditions did not improve as much as had been expected and was hoped for.

10.1.1 Results and Achievements

The main objective was to contribute to a sustainable economy that would be less aid dependent. In general, Tanzania did not see much progress. Economic growth remained low, there was little improvement in mobilising own resources, the structure of the economy was changing but very slowly, and the country remains highly aid dependent along the various dimensions that were looked at.

Macroeconomic Support: Mixed Performance

Country frame resources were reduced, as foreseen, but the regional allocation shot up. This is inconsistent with the philosophy of using the regional grant to reward well-performing regimes, since the allocations increased as political performance deteriorated. This supports a key criticism of the donor community: their demands for performance by recipients are undermined by their own inconsistency in the signals they send (Killick 1998). At the macro-economic level, Norwegian support has been limited both in the field of technical assistance and financing. Debt relief and assistance to MACMOD have been positive contributions, but neither by themselves constitute contributions of strategic importance.

Sector Support: Positive

Most of the financial support has been at the level of sector collaboration. The framework conditions in the sectors where Norwegian cooperation is most important have generally shown continuous advances. The sector agreements in the roads and energy sectors provide comprehensive frameworks for planning, implementation and monitoring where local authorities are assuming ever larger roles in managing activities. A similar process is underway in the natural resources and environment sector, though the process is much more recent and therefore has not developed as far. The education sector is the most problematic with the lack of an overall sector strategy being one reason why relevance and impact of support to higher education institutions is questionable. These positive changes are undoubtedly the main reason why the results evaluation at the activity level has come out as positive as it does: of the 67 activities that were given an overall rating representing 85% of all disbursements during the period, 54 were considered to have performed well or excellent. Only two were failures and eleven were considered poor.

Cost-Effectiveness: Uncertain

This positive rating picture does not necessarily mean that results were “in reasonable proportion to the use of resources”. The *cost effectiveness* of Norwegian assistance is difficult to ascertain because few rigorous cost-benefit studies have been done, and most appraisals do not contain up-front analyses of expected returns on the project investments.

Political Support: Less Positive

Despite the quite positive ratings on the activities when looking at disbursements, there are areas of shortcomings. The results from support political development, improved public administration and public sector reform programmes have fallen short of expectations. This is where the slow-down in Tanzanian reform processes has led to under-performance of Norwegian efforts. This is not reflected so much in the ratings, as a number of activities that had been hoped for, such as more support for local government reform, simply never got off the ground. But Norway could have done more in the field of institutional development in some of the sectors and thus contributed more to improvement in framework conditions.

Private Sector Development: Generally Weak

Private sector development was seen as key to the overall development of the economy. The results have largely been disappointing, whether assisting through

Norwegian firms or collaborating directly with Tanzanian actors. This is in part linked to the slow-down in public sector and political reform processes, which are keeping in place restrictive framework conditions for private sector development, whether from foreign investors or local entrepreneurs.

The New Programme Areas: Complex and Limited Results

The areas of political, institutional and private sector development are much more complex and demanding of own efforts than more technical fields of infrastructure development. They require high investments in terms of staff time and preparatory work that Norway did not allocate. A key reason for this is the fragmentation of the overall programme that has resulted from Norway trying to pursue too many areas and crosscutting issues. The result has been that performance in the new programme areas is not as good as in the traditional sectors of Norwegian cooperation.

Crosscutting Issues: Important but Too Many

Norway had included a considerable list of concerns that were to cut across the entire cooperation programme. This contributed to fragmenting the programme and meant that less was achieved in any one area than could have been done if there had been more focus on a few select issues.

Overall: Positive Picture

Despite the last observations, the development cooperation between Tanzania and Norway during the 1994-1997 period must be said to have been quite positive. Most of the resources have gone into activities that seem to have performed well. The shortcomings have been in the new and more complex areas where planning and staff time costs are high but where disbursements so far have been limited. The results in these areas were not satisfactory, but in part this was due to unrealistic expectations. An over-ambitious strategy that sets out to attain too much along many different dimensions is bound to disappoint in some.

10.1.2 Country Strategy Documents

The Country Strategy for the period 1994-1997 was helpful in terms of defining overall objectives and parameters for the development cooperation between the two parties. The process leading up to it was too much driven by Norwegian concerns, though, leading to reduced Tanzanian ownership. Changes to it have suffered from the same weaknesses of being determined by Norwegian political agendas rather than a process based on recipient responsibility.

The Strategy was realistic in putting more emphasis on political and institutional development dimensions, but unrealistic in maintaining too many objectives.

The Norwegian partner considered having a strategy to be positive since it clarified roles and programme areas, while for the Tanzanians it played a more limiting role as the platform for the annual consultations. The strategy has, however, represented a clear picture of Norwegian priorities and thus greater stability and predictability in the relationship, which is of considerable value.

Changes to the strategy have occurred with the introduction of the programme areas of primary health care and primary education, as a follow-up to the global Social Summit in 1995. The objectives of the changes were laudable, but the process leading up to them and the outcome in terms of further fragmenting the Norwegian cooperation programme were largely negative.

Having a strategy in place is clearly positive, and it has been used consistently as a tool for furthering the dialogue. The over-ambitious agenda contained in it have led to frustrations in trying to implement it, however.

10.2 Main Concerns

Apart from the general conclusions above, the evaluation identified several areas of concern regarding the development cooperation. These merit highlighting, as they probably represent challenges that are not limited either to the Tanzania-Norway collaboration, or to this particular period.

10.2.1 Programme: Fragmented

Norway's programme in Tanzania was extremely fragmented. On average more than 150 different activities received funding every year, with about 45 of these having disbursement of more than NOK 1 million each. The activities were funded from 20 different budget lines in Norway's budget, covering an average of 35 DAC sectors. There were at least eight identifiable crosscutting issues that were to be taken into consideration, while general evaluation criteria came in addition when assessments were to be made.

This fragmentation generated very high efficiency losses. Embassy staff had to spend too high a share of their time on administrative matters rather than on improving impact and quality. Because activities are so many and so small, it often is not cost-efficient to do careful appraisals with benchmarks, so monitoring and hence the possibilities for addressing weaknesses in implementation are diminished. The number of dimensions that are to be tracked makes monitoring costly, and it becomes difficult to decide at what point

a process is so badly off course that the Embassy should demand corrective action. On the Tanzanian side, such a fragmented programme generates enormous costs in terms of information collection, internal co-ordination and uncertainty, and structurally undermines the principle of recipient responsibility.

The issue is first and foremost that political decision-makers in Norway must prioritise. There has been a tendency that when new issues arise, Norway decides to support it without assessing whether it really has the resources to do a good job, and without *removing* what then should become lower priority activities. The outcome has been a process of incremental programme fragmentation

10.2.2 Crosscutting Issues: Not Fully Realistic

Crosscutting dimensions require recipient responsibility or partnership to be really meaningful. Crosscutting concerns are presumably to be systemic and hold society-wide. Having them as issues in just one bilateral cooperation programme does not make much sense. Ensuring that the issues really cut across not just the efforts supported by Norway but in general should therefore have been a key concern. Furthermore, in order for them to be realistic the number needs to be kept within bounds. Along all these dimensions, Norwegian cooperation fell short. At the same time, it is clear that some of the issues in the programme are of strategic importance to Tanzania's development down to reduced.

Three crosscutting dimensions that stand out, are sustainability, institutional development, and gender. Without sustainability in the activities Norway supports, aid dependence will increase. The concern for sustainability should permeate the programme, also when it comes to the smaller funds, support to NGOs, etc.

The evaluation confirms the importance attached to institutional development/capacity building, and to the engendering of Norway's development assistance. Yet in both areas, impact was reduced by the failure to operationalise the policy within and across the entire programme.

In the area of institutional development and capacity building, a clearer distinction between efforts to improve framework conditions versus organisational development should have been made. While changes to framework conditions may yield far higher returns, they are also more difficult to undertake. This, however, is an area where donor co-ordination can play a constructive role, as has happened in the energy and road sectors.

10.2.3 Private Sector Support: Does Norway have a Comparative Advantage?

The 1994-1997 strategy gave priority to promoting activities with the private sector, yet the evaluation points to limited results so far. One problem was that much of the resources were channelled to Norwegian firms for one-off inputs, so that longer-term impact on local productive capacity was limited if not absent. More important, though, is that Norway should have had a more intense dialogue with local stakeholders to identify what private sector actors themselves saw as the bottlenecks. From this, a strategy could have been developed and an analysis done as to what extent Norway has any particular skills or other resources to contribute to address them.

10.2.4 Political Development: Civil Society Support Incomplete

The country strategy paper emphasised initiatives to strengthen civil society. The evaluation supports the importance of this, but notes weaknesses in implementation. The emphasis on electoral reform should have been complemented by activities to strengthen credible civil society organisations that are key to a vibrant democracy. This form of support, however, must be carefully structured to avoid future donor dependence, whether economic or political.

10.2.5 Strategy: Not Sufficient Rigour

There is a need for a strategy that can guide resource allocation decisions, whether it is funding or staff time. The overall objective in the 1994-1997 strategy was in many respects a good one. It was comprehensive in addressing both economic and political dimensions of development. It subordinated Norwegian assistance to Tanzanian goals and processes. It focused on two key issues, namely sustainability and aid dependence. It was potentially monitorable, though it should be recognised that operationalising development objectives is always difficult.

There was not a clear outcome objective to guide selection of sectors and crosscutting issues, however, so choice of areas for support seemed to be driven more by considerations of continuity than rigorous strategic thinking. While exit and entry costs are high and can be compelling arguments for continuing in a given field, a Country Strategy process is a unique opportunity to step back and critically assess what is being done, and review if the assistance can be made more efficient by assisting in other areas. This critical assessment of *alternative uses of aid*, though a difficult task, should have been given more prominence.

10.2.6 Recipient Responsibility: Important Principle Not Always Followed

The evaluation confirms that the Country Strategy was correct in the emphasis it gave to recipient responsibility. Recipient responsibility at activity level is already well established and developed, particularly through the frame agreements. This shift in the way assistance is structured and managed should be pursued further.

The principle was not fully respected in programme development, however. Neither the development of the strategy itself, nor the changes to the strategy – the introduction of primary health care and primary education – were based on genuine recipient responsibility. This undermines the legitimacy and ownership of these key cooperation dimensions.

10.2.7 Resource Constraints: Not Respected

A key constraint that developed during the 1994-1997 period was insufficient Embassy staff to implement the strategy. In this case, the strategy itself was not at fault, as it foresaw a fall in financial resources but the need for constant staffing levels. Instead the Ministry reduced the number of programme staff. This in turn was not foreseen, but was due to the general belt-tightening that the Ministry faced during this period. The mistake was that aid management in Oslo did not revisit the strategy and review what the implications of this cutback were. On the contrary, the Ministry *increased* the areas of responsibility by adding primary health care and elementary education as areas for support. This lack of realism produces decreased programme impact.

10.2.8 Time Frame: Too Short?

If shifts in areas of assistance are going to be cost-effective, it may be necessary to think considerably further ahead than just one country strategy period. The OECD/DAC's *Shaping the 21st Century: The Contribution of Development Co-operation* document underlines the need for long-term stable collaboration. If the country strategy had considered a 10-20 year perspective, issues like sustainability take on a more realistic time frame. This also means the cost-effectiveness of investing more in the preparations and absorbing the learning costs of working in new sectors might have been more acceptable, leading to greater willingness to shift attention away from on-going to new areas.

10.2.9 Shifts in Sector Support: High Entry Costs

Norway's cooperation with Tanzania has a 35-year history. During this period, a large number of activities in many different sectors have been supported. This has helped build knowledge and relations that continue to shape the programme today. On the positive side, in the fields where Norway has been most heavily

engaged it has acquired the insights required to provide more cost-efficient support. The downside is that it often becomes politically difficult to disengage if the support in itself is no longer seen to be of the same importance as alternative activities.

The learning costs of entering new sectors are also high, and should be recognised at the outset. If Norway wishes to engage in a new area, it must be willing to take the up-front costs of doing so. These include (a) proper dialogue with the Government and intended beneficiary groups, (b) good co-ordination with other donors involved in the area, (c) based on the above, identify the particular areas Norway wishes to assist, bearing in mind, among other things, if Norway has any particular comparative advantage it can contribute in the field.

10.2.10 Exit Strategies: Weak Point in Programme

The development collaboration experienced some bumpy stretches in connection with Norway withdrawing support in some areas. As the profile of the assistance programme changes with the shifts in recipient and donor priorities, exit strategies become important – and where they exist, they need to be respected so as to avoid unnecessary disruptions to local society. This was a particularly sensitive area that should have entailed extensive local consultation and participation, and where local concerns should have been given particular consideration. These withdrawal processes appeared unnecessarily Norwegian-driven.

10.2.11 Monitoring: Comprehensive System Missing

The *system* for monitoring, evaluating and learning from experience contained a series of gaps. The reporting is not structured well enough to catch problems and the archives do not have a good enough system for storing key documents. The system for deciding when internal reporting is sufficient, external reviews are required, or an in-depth evaluation should take place is not clear enough. The links between the various forms of information generation is thus weak, so the ability to systematically learn from experience is not as good as it should be.

Activity monitoring is time intensive, and thus should be carefully designed. A results matrix can be a helpful tool, to reflect upon what exactly it is that the aid authorities wish to monitor, what kinds of information is required, the reliability and validity of the information, and finally what the data actually tell management about the performance of the various activities. Such a matrix can be a good tool for communication between staff inside the Embassy, between staff in Oslo and in Dar es Salaam, and in tracking changes in performance over time and between programme areas.

10.2.12 Costs to Tanzania of Norwegian Aid: Too High

While all of Norway's assistance to Tanzania is grant aid, there are a number of information and management costs that Tanzania incurs when accessing the resources. Simplified funding structure, closer co-ordination with other actors, willingness to participate in basket funding in areas where joint policies have been developed will all reduce these costs. More importantly, they contribute to genuine institutional development since such joint actions typically rely more heavily on Tanzanian systems and processes for reporting, management, etc.

While streamlining and standardising donor procedures and harmonising them with recipient government ones have for a long time been high on the donor co-ordination agenda, there is still a considerable way to go before the potential efficiency gains have been exploited. Norway could play a constructive role if it were to focus more attention in this area and spend the resources and take some risks in furthering actual practices. In the field of donor co-ordination, after all, *"when all is said and done, a lot more has been said than done."*

Annexes

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Annex table 2: Country Frame Assistance by Sub-sector, 1994-1997

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Annex 1: Mandate for the Evaluation

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Annex 3: Persons Met

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Annex 5: Evaluation Criteria

Annex table 1: Activities by Sector, Disbursements 1994-1997, in NOK '000.

Project Number	Title	1991-93	1994	1995	1996	1997	Total 1994-97
Non-sector Specific: General Financial							
TAN 100	Import Support	281 000	- 448		23 700		23 252
	Embassy: Natural disasters relief			200			200
	Evaluation, Import Support		52				52
	KAD: Refugees in Norway				1 850	129	1 979
	N Folkehjelp					5 533	5 533
	Refugee support	7 000	523		1 795		2 318
	WFP: Food aid for refugees			3 241			3 241
	<i>Sub-total</i>		127	3 441	27 345	5 662	36 575
Non-sector Specific: Democracy, Human Rights							
TAN 026	Political Reform Programme	132	10 807	7 216		4 043	22 066
TAN 026	UNDP: International Observers			2 407	-17	351	2 741
TAN 063	SUWATA: Legal Aid Scheme		10	163	198	25	396
TAN 063	UWT: Legal Aid Scheme Tanga		17				17
TAN 063	Various minor activities				107	11	118
TAN 076	Kuleana: Children's rights		96	23	746	763	1 628
TAN 076	Media Trust:Workshop on Election			61		25	86
TAN 077	Conference banning landmines					42	42
TAN 084	NGO policy formulation					64	64
TAN 094	Democratization Activities			7 788	1 333	1 332	10 453
TAN 094	Ministry of Justice: Legal Sector Reform		1 071				1 071
TAN 094	UDSM: 3rd Conversion Seminar		216				216
TAN 094	Upgrading of Parliamentary Library		426				426
	Global experts: housing etc		504				504
	Inst Menneskerett: Election Observers			264			264
	N Forb PsykUtvh: Advocacy Disability Org		527	171			698
	TADREG: Human Rights Seminar		54				54
	UN Rep: Election Surveillance Zanzibar			64			64
	UNDP Associate Expert				235		235
	<i>Sub-total</i>		13 728	18 157	2 602	6 656	41 143
Debt Relief							
	Debt relief	13 900			20 000	20 000	40 000
Planning, Public Administration							
REG 044	Manpower Development Plan		32				32
TAN 077	Various minor activities				178	37	215
TAN 084	MACMOD				1 321	530	1 851
TAN 084	Consultancies, regional dev't etc.				323	2 117	2 440
TAN 084	Special audit IPC				1 567		1 567
TAN 095	Civil Service Reform			279	5 021		5 300
TAN 105	UNDP: AMAP accountability program				784		784
	Statens Kartverk: Urban Sector Mapping		353				353
	UNSO: Documentation centre	1 100	1 000				1 000
	UNV volunteers		673				673
	VIAK: Urban Sector Engineering Mapping	33 656	7 618	2 200	629	450	10 897
	<i>Sub-total</i>		9 676	2 479	9 823	3 134	25 112
Public Works: Energy Sector							
REG 029	Regional Power Supply Connection	8 876	502				502
TAN 051	Petroleum Sector Program	23 139	8 100		1 770		9 870
TAN 061	Zanzibar Power Supply	29 008	5 857		105		5 962
TAN 075	Pangani Falls	244 904	81 345				81 345
TAN 084	Consultancies, power distribution				1 834	1 745	3 579
TAN 090	Emergency Power Project	15 000	5 000				5 000
TAN 093	Kurasini Oil Jetty	14 000	3 000		11 753	3 917	18 670
TAN 101	Lower Kihansi Power Project			54 000	62 500	32 100	148 600
TAN 109	Kidatu Rehabilitation					28 000	28 000

Project Number	Title	1991-93	1994	1995	1996	1997	Total 1994-97
	ABB: Equipment deliveries (various)	48 151	35 268	18 542	341	217	54 368
	Consultant, Kindushi transformer station		151				151
	Kværner: Lower Kihansi			32 000		10 000	42 000
	Norconsult/Swedpower: Hydropower Plan			7 500	7 500		15 000
	Various minor activities		17		13	147	177
	<i>Sub-total</i>		139 240	112 042	85 816	76 126	413 224
	Water Sector						
TAN 066	UNDP: Water management		414	871	617		1 902
TAN 072	UNICEF: Water and sanitation					5 500	5 500
	<i>Sub-total</i>		414	871	617	5 500	7 402
	Road Sector						
GLO 382	Main Roads Consultancy		149				149
TAN 072	Road Rehab - Same-Himo	59 944	18 686	41 126	14 785	2 169	76 766
TAN 080	Road Sector Agreement	104 060	31 511	7 659	8 082	8 806	56 058
TAN 084	Road consultancies				2 786	2 149	4 935
TAN 096	Road Rehab - Chalinze-Melela					41 000	41 000
	Eeg-Henriksen: Mgodu Bridge		1 260	4 364	1 076	343	7 043
	ILO: Associate Expert		600	600			1 200
	Norconsult: Mgodu Bridge		127				127
	Norconsult: ROADS II	19 946	4 766	5 010	2 118	6 263	18 157
	NOREMCO: Road Maintenance		90				90
	<i>Sub-total</i>		57 189	58 759	28 847	60 730	205 525
	Other Transport, Works						
	Lyngen Ferries: Zanzibar Sea Ferries	1 248	130	280	7	260	677
	Zanzibar Sea		- 334	-333			-667
REG 048	TAZARA Coordination Unit	1 231	913		-520		393
	Miscellaneous activities		67	21	132	3 465	3 685
TAN 076	RANGO: Kasunga Quay				1 206	147	1 353
	<i>Sub-total</i>		776	- 32	825	3 872	5 441
	Primary Sector						
TAN 057	Catchment Forestry	13 004	4 665				4 665
TAN 066	ENVIROCARE: Pesticide study		7				7
TAN 066	Beekeeping		498				498
TAN 066	Marine Reserve Songo/Tanzania frontier		12	513			525
TAN 066	TATEDO: Wood energy		10				10
TAN 066	Veterinarians - Scotland seminar		13				13
TAN 070	Shinyanga Afforestation Project	21 551	3 785				3 785
	Agderbær: Strawberry production			73	46		119
	Albino society: Grain mill project		50				50
	Espelund frukt: Horticultural production		121				121
	Fjordgløtt: Forestry project				127		127
	Makonde Hospital: Palm and water project		5				5
	NORAD Volunteers		1 646	694	182	985	3 507
	TICON Isolering: Prawntan shrimpfarm	344	54		274		328
	CARE: Food and livelihoods			215	962	1 682	2 859
	Selskap N Vel: Pilot Coops			330	976	1 272	2 578
	Selskap N Vel: Various activities				337	678	1 015
	Various minor activities		101	40	59	48	248
	<i>Sub-total</i>		10 967	1 865	2 963	4 665	20 460
	Industry, Mining, Crafts						
REG 084	Industry Quality Control - Veritas	1 055	5 315	1 293	13 877	2 976	23 461
TAN 021	Sao Hill Saw Mill	1 780	307	1 584	20 969		22 860
TAN 066	Cleaning Production Cetr of Tan				280	279	559
	Dar es Salaam		- 1 016				- 1 016
	Fjeldhus Trading: Processing of cashewnut			156	68		224
	FORINDECO: Various activities		38		173		211
	N Handicapforb: Vocational Training Centre		241	211			452

Project Number	Title	1991-93	1994	1995	1996	1997	Total 1994-97
	NORCONSULT: Identification JV Partners		34	42			76
	NOREMCO: Computerization			84			84
	Sao Hill audit				69		69
	Sao Hill Privatisation			507	9 432	3 855	13 794
	Unger fabrikker: Production of detergents		144				144
	Various minor activities		130			140	270
	<i>Sub-total</i>		5 193	3 877	44 868	7 250	61 188
	Services (finance, tourism, etc.)						
RAF 089	Regional Enterprise Devt Institute				813	1 358	2 171
REG 059	Industry and Trade Division		825				825
REG 067	NORSAD Fund		6 590				6 590
TAN 084	Computerization Trade & Finance				516		516
TAN 089	PRIDE Tanzania	3 929	3 429	5 371	6 449	9 945	25 194
	Strømmes MST: Savings & Credit for women				212	170	382
	Strømmes MST: Small credit				212	569	781
	Various minor activities				- 31	168	137
	<i>Sub-total</i>		10 844	5 371	8 171	12 210	36 596
	Education and Research: Volunteers						
	NORAD Volunteers	36 372	10 520	9 311	9 798	5 159	34 788
	Infrastructure, Equipment						
TAN 066	Mweka college:Infrastructure	689	252				252
	Small infrastructure activities		20				20
	<i>Sub-total</i>		272				272
	Tertiary Sector						
REG 023	Bandari College	7 906			279		279
REG 083	SUA - Forestry Training	6 192	1 799	1 936			3 735
TAN 022	SUA - Forestry Faculty	18 158	6 232	4 831	2 410		13 473
TAN 025	Dar Maritime Institute. DMI	13 389	1 640	1 266		1 460	4 366
TAN 047	UDSM - Chemical engineering	15 085	3 721	2 757	13 437		19 915
TAN 048	UDSM - Chemistry	8 364	2 161	2 331	2 907	3 344	10 743
TAN 058	Inst of Development Management	34 296	5 910	8 897	11 903	10 200	36 910
TAN 064	Research Cooperation	24 216	400				400
TAN 066	Various small support schemes		271	101			372
TAN 076	Small support activities			15			15
TAN 077	Local scholarships			184			184
TAN 081	SUA - Soil Science	9 475	2 492	3 536	2 478		8 506
TAN 084	UDSM - Various consultancies				437		437
TAN 084	SUA - Various consultancies				200		200
TAN 085	SUA - Animal Science	6 151	2 600	2 947	1 213		6 760
TAN 088	SUA - Short courses at ICE		522	413	298		1 233
TAN 091	SUA - Framework agreement				14 062	22 072	36 134
TAN 103	UDSM - Framework agreement					15 424	15 424
	<i>Sub-total</i>		27 748	2 9214	49 624	52 500	159 086
	Other education						
TAN 066	Univ of Oslo: Film of Serengeti		250	150			400
TAN 076	YWCA: Pre school			275			275
TAN 077	Local scholarships		275				275
TAN 082	NETF	13 000		5 000	12 000	26 000	43 000
TAN 084	Master plan secondary education					1 463	1 463
TAN 104	UNICEF: Primary and Basic education					13 000	13 000
TAN 107	UNICEF: Study on Children				1 100		1 100
TAN 300	Education study RRE		239				239
	7th Day Adventists Sumb: K G School		12				12
	CommWealth Trust Fund: Women's desk		119				119
	LO: OTTU Finance Mngt Workshop		74	185	285	265	809
	LO: Trade Union Education of Women		760	552		89	1 401
	Math association: Seminar		22				22

Project Number	Title	1991-93	1994	1995	1996	1997	Total 1994-97
	N Bibliotekforening: Scholarships library ed		40	61	54	54	209
	N Fysioterapi: Organizing Devt APTA			120			120
	N Sykepleierforb: Dev Tarena nursing org'n		230	468	364	674	1 736
	Strømmes MST: Various activities		227	700			927
	Various minor activities		2			125	127
	<i>Sub-total</i>		2 250	7 511	13 803	41 670	65 234
	Health & Pop'n: Hospitals, health centres						
	N L Misjons: Haydom Lutheran Hospital	4 018	848	947	1 032	1 469	4 296
	N L Misjons: Bunda District Hospital	4 387	1 390	449	803	841	3 483
	N Folkehjelp: Mwera Psych Rehab Village			254			254
	<i>Sub-total</i>		2 238	1 650	1 835	2 310	8 033
	Primary Health Care						
TAN 078	Family Planning Centre	2 700		2 800			2 800
TAN 097	UNICEF: Maternal Mortality project					5 500	5 500
TAN 101	Muajaki primary health, Kihansi					1 870	1 870
TAN 108	UNFPA: Reprod Health & Family Planning					5 200	5 200
	Medecins sans Frontieres: Cholera					2 867	2 867
	ELCT: Mother-child clinic/hospital		51				51
	Emb: Cholera medical storage		207				207
	<i>Sub-total</i>		258	2 800		15 437	18 495
	Health Administration						
	N L Misjons: Training of professional staff		107				107
	Aids Activities						
TAN 074	MUTAN - Aids control program	36 984	6 168	8 500			14 668
TAN 076	Red Cross: Community based aids centre		437	159	341	184	1 121
TAN 076	SWAA-T: Aids information		145	266	- 1	240	650
TAN 076	WAMATA: Aids activities, director		16	1 389	- 1 316	1 392	1 481
TAN 083	AMREF: Truck drivers project	475	234	324	290	13	861
TAN 083	CEDHA: Min Health/Info magazine		66	56	5		127
TAN 083	CEF: School aids projecct		608				608
TAN 083	Nat Inst Med Research: Research seminar		98				98
TAN 083	WAMATA: Inst Dev't, Info etc		8	889	519		1 416
TAN 106	National Aids Control Programme					7 941	7 941
	N Sykepleierforb: Combat infection HIV/aids		918		1 523	1 482	3 923
	Various minor activities			53	413	41	507
	UNICEF: Aids control program			3 200			3 200
	WHO: Aids control program		2 000	2 000			4 000
	<i>Sub-total</i>		10 698	16 836	1 774	11 293	40 601
	Other Health Activities						
TAN 076	KCMC: Education physiotherapy	340	1 192	691	54	464	2 401
	ADRA: Dental Health			1 141	39	424	1 604
	N Handicapforb: Workshop program		- 48				- 48
	N Sykepleierforb: Dev't TARENA, other			- 67	- 59		- 126
	NORAD Volunteers	11 419	4 137	4 615	2 507	844	12 103
	Various minor activities		35		239	554	828
	<i>Sub-total</i>		5 316	6 380	2 780	2 286	16 762
	Other Social Sector: Culture						
RAF 331	Etno Museum: Exhibition Makonde Carvings			167			167
TAN 065	Publisher's Ass'n of Tanzania		299				299
TAN 065	Various minor activities		117	262	236	361	976
TAN 331	Vaagsbygd: VGS: Student exchange				187	- 27	160
TAN 331	Strømmes MST: Musical cooperative					45	45
	Media, TV/video program production		74		88	40	202
	NORAD Volunteers		482				482
	Nyumba ya Sanaa: Street children project		300				300
	<i>Sub-total</i>		1 272	429	511	419	2 631
	Other Social Sector						

Project Number	Title	1991-93	1994	1995	1996	1997	Total 1994-97
TAN 063	Various minor activities		54	34	260		348
TAN 066	Diocean Kigoma: Purchase of carma ...		12				12
TAN 076	Various minor activities			48	96		144
TAN 076	Dogodogo Centre: Street Children				525		525
TAN 094	TAN Stars - Norway Cup		264				264
TAN 331	Culture grant		22				22
	MAA Pastoralist: Community mobilization package		77				77
	N Folkehjelp: RANGO coordination activity		391	1 158	1 781	1 865	5 195
	N Handikapforb: Organization building			286	822	327	1 435
	NORAD Volunteers		482	327			809
	Various minor activities			83	27	165	275
	<i>Sub-total</i>		1 302	1 936	3 511	2 357	9 106
	Multi-sector: District Development						
TAN 054	KIDEP	23 147	13 206	7 128	3 983	44	24 361
TAN 060	RUDEP	87 346	20 476	10 839	4 061	16	35 392
	NIBR: Evaluation area development program		192	222	160		574
	<i>Sub-total</i>		33 874	18 189	8 204	60	60 327
	Women in Development						
TAN 063	BAWATA: Establishment support		317	1 548	2 077	1 122	5 064
TAN 063	Misc women's activities		414	217	30	45	706
TAN 063	TANGO: Women's conference		429	79	44		552
TAN 073	Framework agreement: Women in Dev't	1 035	200	1 285		447	1 932
TAN 300	Gender development issues		152				152
	ILO: Integrated employment and shelter, WOM		650				650
	NORAD Volunteers		161				161
	TAMWA: Radio unit		22				22
	LO: OTTU women training				1 084	642	1 726
	Various minor activities				85	304	389
	<i>Sub-total</i>		2 345	3 129	3 320	2 560	11 354
	Environmental Activities						
TAN 066	JET: Information on Environment			93	350	- 31	412
TAN 066	Various minor activities	4 959	234		232	340	806
TAN 076	Malihai clubs: Newsletter		67	27	52	29	175
TAN 092	MNTRE		3 420	18 047	22 274	13 233	56 974
TAN 101	Kihansi - Combating Env'l Degradation					2 030	2 030
	CARE: Combating Env'l Degradation			1 786			1 786
	NORAD Volunteers					1 126	1 126
	Various minor activities						
	<i>Sub-total</i>		3 721	19 953	22 908	16 727	63 309
	Other, Unspecified						
TAN 076	Various minor activities		49	118	11	10	188
TAN 084	Consultancy services - country program		2 538	4 477			7 015
TAN 300	Miscellaneous consultancy services		1 133	1 352	851	556	3 892
	NORCONSULT: Magomeni sub-station		189				189
	Project experts - misc equipment		398	264			662
	UNDP: Programme officer		600	400	352		1 352
	Various minor activities					1 021	1 021
	<i>Sub-total</i>		4 907	6 611	1 214	1 587	14 319
	Grand total	1 318 061	354 982	330 779	351 159	360 290	1 397 210

Annex table 2: Country Frame Assistance by Sub-Sector, 1994-1997

Disbursements, by Year, in NOK '000				
Sector/area	1994	1995	1996	1997
Non-sector specific				
General financial aid	-448	0	23 700	0
Democracy, human rights, etc	10 807	9 623	0	4 107
Debt relief	0	0	0	0
Planning, public administration	0	279	8 232	2 647
Public works				
Energy sector	92 202	54 000	64 439	33 845
Water sector	0	0	0	5 500
Road sector	50 197	48 785	25 643	54 124
Other transport, works	1 640	1 266	0	1 460
Primary sector	19 774	11 314	20 361	22 072
Industry, mining, crafts	11 407	15 569	51 055	3 484
Services (finance, tourism etc)	3 429	5 371	6 965	9 945
Education and research				
Norwegian volunteers	0	0	0	0
Infrastructure, equipment	0	0	0	0
Tertiary education	12 192	5 000	12 437	51 624
Other education	0	0	0	1 463
Health and population				
Hospitals, health centers	0	0	0	0
Primary health care (1)	0	2 800	0	10 700
Health administration	0	0	0	0
AIDS activities	6 168	8 500	0	7 941
Other health activities	0	0	0	1 870
Multi-sector and other				
District development	33 682	17 967	8 044	50
Women in development	200	1 285	0	447
Environmental activities	3 420	18 047	22 274	13 233
Other, unspecified	2 538	4 477	0	2 030
Grand total	247 208	204 283	243 150	226 542

(1) Financing of UNICEF and WHO activities

Annex table 3: Regional and SADC Allocations, Disbursements, 1994-1997

Year	Activity description	NOK '000
1994	SADC Allocation	
	REG 029 Power Supply Connection	502
	REG-044 Manpower Development Plan	32
	REG 048 TAZARA Coordination Unit	913
	REG 059 Industry and Trade Division	825
	REG 067 NORSAD Fund	6 590
	REG 083 Forestry Training	1 799
	REG 084 Industry Quality Control Program	5 315
	Regional Allocation	
	TAN 094 Upgrading of Parliament Library	426
	TAN 094 UDSM, 3rd Conversion Seminar	216
	TAN 094 Ministry of Justice, Legal Sector Reform	1 071
	TAN 094 Tanzania Stars, Norway Cup	264
1995	SADC Allocation	
	REG 083 Forestry Training	1 936
	REG 084 Industry Quality Control Program	1 293
	Regional Allocation	
TAN 094 Democratization Activities	7 788	
1996	SADC Allocation	
	REG 023 Bandari College Facility Improvements	279
	REG 048 TAZARA Coordination Unit	- 520
	REG 084 Industry Quality Control Program	13 877
	Regional Allocation	
	RAF 089 Regional Enterprise Dev't Institute	813
	TAN 094 Democratization Activities	1 333
	TAN 102 Kurasini Oil Jetty Phase IV	11 753
	TAN 105 UNDP; Accountability Program AMAP	784
	RAF 090 Norwegian Refugee Council: Refugee Supplies	1 795
	TAN 107 UNICEF study on Children	1 100
1997	SADC Allocation	
	REG 084 Industry Quality Control Program	2 976
	Regional Allocation	
	RAF 016 Miscellaneous Local NGO Projects	1 154
	RAF 089 Regional Enterprise Dev't Institute	1 358
	TAN 094 Democratization Activities	1 332
	TAN 102 Kurasini Oil Jetty Phase IV	3 917
	TAN 104 UNICEF; Primary and Basic Education	13 000
TAN 109 Kidatu Power Station Rehabilitation	28 000	

Annex 1:

Mandate for the Evaluation of development cooperation with Tanzania in the country strategy period 1994-97

1. Background

In 1993-94 a country strategy was drawn up that was to be the foundation of development cooperation with Tanzania in the period 1994-97. A draft was summed up in a memorandum which was sent to the Tanzanian authorities before political talks were held on 17-21 October 1994. On the basis of these talks a Memorandum of Understanding (MoU) was signed that laid down the joint priorities for cooperation for the next four-year period.

In connection with the Country Programme negotiations between Norway and Tanzania in March 1998, the two countries agreed to evaluate the development cooperation during this period. The evaluation would serve as an important input in the revision of the strategy for the next four-year period.

2. Purpose of the evaluation

The main purpose of the evaluation is a systematic assessment of the results and experiences derived from the total development cooperation during the period 1994-97. With the background of the political and economic situation in Tanzania, it will be evaluated whether Norway and Tanzania have made active efforts to follow up the goals laid down in the joint MoU of 21 October 1994 and whether the degree to which the goals were achieved, is in reasonable proportion to the use of resources.

An additional purpose is to assess whether the Country Strategy documents (the Joint MoU and the Country Strategy Report) have proved to be a suitable instrument for steering and reference purposes during the period, and whether the main bodies on both the recipient and donor sides, have managed to make use of this instrument to strengthen cooperation and improve results.

3. Major issues

3.1 Evaluation of the main goal and principles of the cooperation

3.1.1 Main goal

The joint MoU of 21 October 1994 laid down that the overriding goal for Norwegian development cooperation in Tanzania should be "the promotion of a sustain-

able economy that is not dependent on development assistance".

- In light of this goal, the evaluation should present the political and economic development in the relevant period, and, in particular with reference to such criteria as economic sustainability and aid dependency.
- The evaluation should also present the results of the political reform process in general, and assess to which degree the results reflect Norwegian political goals for development cooperation. In particular, the evaluation should assess the reform process to such criteria as stability and sustainability and the ability to mobilise resources.
- Consequences of the policies of international financial institutions on the political reform process should be analysed.
- In the context of the above main goal and considering general political and economic developments, the evaluation should as far as possible assess the degree to which Norwegian development assistance may have contributed to sustainable development during this period.
- In addition, it was also considered an important goal that the development cooperation should lay the foundation for broader cooperation between Norway and Tanzania. The evaluation should assess how far this goal has been achieved i.e. in which concrete ways this goal has been expressed (in the Country Programme etc).

3.1.2 Principles of cooperation

The MoU states that "recipient responsibility" shall be one of the main principles of cooperation during this period, but emphasises that the implementation of this principle will place great demands on both the recipient and the donor.

- The evaluation should present the degree to which cooperation during the period has been based on this principle, and how far the recipient and donor have assumed roles and responsibilities in accordance with intentions of the MoU.

3.2 Evaluation of subsidiary goals

On the basis of the main goal and the basic principles of development cooperation, the evaluation should assess results, relevance and efficiency in relation to the following subsidiary goals:

- promotion of economic development, especially in relation to a) macro-economic development, and b) industry and commerce,
- expansion of infrastructure, especially in the field of a) energy and b) the road sector,
- strengthening of political reform, especially with regard to a) the election process, b) the development of a free media, c) democratic development at local level, and d) development of trade unions and organisations representing special interest groups,
- improving environmental and resource management, especially with regard to institution and capacity building,
- strengthening of research and education,
- strengthening of cultural and commercial cooperation, especially with regard to a) the active use of existing instruments and b) the development of new instruments for strengthening institutional cooperation.

3.3 Operationalisation

In connection with the implementation of development cooperation during this period it was agreed to emphasise in general institution and capacity building and ensuring women's active participation in the development process.

In addition emphasis was placed on obtaining a higher degree of concentration of activities within individual programme areas.

- The evaluation should assess how this was followed up during the period.

The importance of better co-ordination of Norwegian assistance with other bi- and multilateral assistance was emphasised in the MoU of 21 October 1994.

- The evaluation should assess what has been achieved in the period.

The importance of clear roles and responsibilities between donor and recipient was emphasised in the MoU of 21 October 1994 (para 5).

- The evaluation should assess what has been achieved in the period.

3.4 Volume and channels of development assistance

3.4.1 Volume

The evaluation should describe the total volume and also the mix between different types of assistance during the period, and assess whether this is in accordance with the intentions expressed in the MoU. The evaluation should also give an assessment of Tanzania's ability to make use of the "regional" and "global" allocations in addition to the country programme allocations.

3.4.2 Channels of assistance

The evaluation shall on the basis of existing material assess the results; relevance and efficiency should be assessed for the following channels of assistance:

- country programme (state-to-state cooperation),
- voluntary organisations (both local NGOs and Norwegian organisations),
- the Volunteer Service,
- special allocations (allocations to women, culture, environmental measures, etc.),
- support schemes for the private sector.

In addition to the above, the use of multilateral channels, the regional allocation and the SADC-allocations should also be assessed as far as practically possible.

3.5 The Country Strategy as an instrument

The Country Strategy process in its present form has been in use since 1993. (Please find Guidelines for the preparations of Country Strategy Document of 23rd August 1993 enclosed). The MoU should serve primarily as a political and strategic tool for cooperation between Norway and Tanzania. The Country Strategy report provides the background and reasons for Norwegian attitudes and priorities.

The evaluation should assess whether the joint MoU has been a central element in the cooperation process, i.e. whether it has been effectively used by the parties as a steering and reference document.

- The evaluation should assess whether the Country Strategy Report has been useful as a central document of reference on the Norwegian side.
- The evaluation should also assess whether there have been any departures from what was laid

down in the MoU and report on the reasons given for such departures.

4. Method

The evaluation should be mainly carried out as a desk study, i.e. the presentation and the assessments will have to be largely based on existing documents, both Norwegian and Tanzanian, as well as documents presented by international organisations etc. (plans, agreements, reports, reviews, evaluations etc.). The written material will be supplemented by interviews

with some of the main participants and other relevant people in both Norway and Tanzania. Visits to a selection of activities carried out under the development assistance programme may also be included.

5. Time schedule

The evaluation is scheduled to start up by medio November 1998 and implementation time is estimated to take approx. 3-4 months.

Oslo-16/11-98

Annex 2:

Memorandum of Understanding w/ Goals and Strategy

MEMORANDUM OF UNDERSTANDING (MoU)**ON****THE DEVELOPMENT COOPERATION****BETWEEN****TANZANIA AND NORWAY****1 Introduction**

The Norwegian and Tanzanian Governments held High-Level talks in Dar es Salaam on 17-21 October 1994. The Norwegian Delegation was headed by the Minister of Development Cooperation, Ms. Kari Nordheim-Larsen and the Tanzanian delegation was headed by Minister for Finance, Professor Kighoma Malima.

This MoU does not constitute a legally binding agreement. It is intended, together with the submitted Norwegian Paper on Goals and Strategy for Future Cooperation with Tanzania, to provide the guidelines and future priorities for Norwegian-Tanzanian development cooperation. The strategy will be implemented through the country programme on which discussions will be held in January 1995.

The two delegations agreed that it was of great importance that experiences from the nearly 30 years of development cooperation between Norway and Tanzania be taken into consideration when discussing future plans.

2 Assessment of the political, economic and social development in Tanzania

The Delegations shared the view that Tanzania's transition to a multiparty democracy was progressing well, but that further efforts were needed to ensure free and fair local, parliamentary and presidential elections.

Equally important is to ensure transparency and accountability, in particular as the reform process more clearly defines the governments regulatory functions vis a vis the civil society and the market economy. The two delegations agreed that it is of utmost importance to strengthen and develop mechanisms and institutions to check corruption and to undertake comprehensive reforms in the civil service to make the institutions more resilient.

The Delegations noted the economic progress achieved since introduction of the Economic Reform Programme in 1986/87. An average annual GDP-growth of 4% is well above earlier growth rates, however still somewhat behind expectations. Over the last few years, particularly the last three years, Tanzania has been undergoing momentous economic and political changes. On the economic front, the results of the adjustment measures have begun to be felt and seen. The regime of strong Government control of the economy is now largely history, new institutions are coming up and the existing ones are undergoing major restructuring. This is taking place in all sectors of the economy - ranging from the agricultural, industrial, financial, trade and commercial sectors, as well as social sectors. At the same time a comprehensive political reform is being implemented.

The changed role of the State is being reflected in the ongoing reform of the Civil Service. The objective is to evolve a small but efficient civil service. The Civil Service Reform has a number of elements - organization and efficiency, pay reform, capacity building, retrenchment and redeployment.

The Delegations agreed on the importance of promoting the private sector to become an efficient vehicle in future income generating and poverty alleviation in Tanzania. In this regard the ongoing Parastatal Sector Reform should be accelerated in order to relieve the public budget of a heavy burden and make more resources available for the basic responsibilities of the Government. It was also noted that the Government will continue the efforts to increase its domestic resource mobilisation through broadening the tax base and strengthening tax administration. The aim is to reduce the dependence on foreign financing in the government budgets.

3 Objectives

The major objective of the development cooperation between Norway and Tanzania was agreed to be the promotion of a sustainable economy that is not dependent on development assistance.

Cooperation in the coming period will primarily be focused on facilitating implementation of the reform process with a view to strengthening the foundation for a sustainable political and economic development, achieving a better mobilisation of Tanzania's own resources and thereby reducing the dependency on external resources. Furthermore, it will be important to lay the foundation for broader cooperation between Norway and Tanzania.

4 Future direction

It was agreed that the main thrust of the strategy should be institution- and capacity building within the framework of a programme for administrative assistance. The need for special attention to ensure women's active involvement in the process was stressed. It was further agreed that within this framework the following sectors should be focused on:

- Economic development including macro-economic as well as industrial and commercial development. The importance of strengthening economic management was stressed.
- Infrastructure
- Research and education
- Political reform
- Environmental and resource management
- Commercial and cultural relations.

The delegations agreed that it would be important to ensure a large degree of concentration of activities within the respective programmes in order to minimize administrative costs on both sides as well as the problem of coordination. The Norwegian delegation emphasised that in future negotiations on the specific programme components, care should be taken to facilitate the coordination of Norwegian assistance with that of other donors.

5 Roles and responsibilities

The two delegations agreed that both Norway and Tanzania bear a responsibility for ensuring the successful implementation of development cooperation efforts during the oncoming period, and maximum effectiveness in utilizing resources. The Norwegian Delegation stressed, however, that the principle of recipient responsibility is central to Norwegian development assistance policy, and that this principle also applies to cooperation with Tanzania.

While the principle of recipient responsibility reflects a general goal and direction, the implementation of this principle should be adapted to each individual recipient country. Recipient responsibility places great demands on both the recipient apparatus and the donor organization, and the successful application of the principle in practice is predicated on an open dialogue and close cooperation between the parties concerned. In Tanzania's current situation, hampered by weak institutions in both the public and private sectors, institutions will have to undergo extensive reforms and strengthening in the coming period. Furthermore, it is important that the implementation of the principle of recipient responsibility be tailored to individual institutions. The following minimum requirements must be applied in connection with every measure that is financed through development assistance:

- a) All development assistance on a government - to government basis should appear in the fiscal budget.
- b) All measures planned should originate from the country's own priority plans.

- c) Agreements relating to individual measures should clearly specify Tanzania's commitment in terms of financing and personnel, which must in turn be reflected in the fiscal budget. Their implementation must be documented. The consequences and procedures to be followed in cases where this requirement is not fulfilled must be clearly defined.
- d) Agreements should specify the responsibility and obligations of the parties concerned with regard to performance and financial reports, as well as to auditing procedures. Moreover, procedures for decision-making and the consequences of a failure to achieve the targeted results or to fulfil obligations must be set out clearly in the agreements.
- e) Project objectives and targets should be clearly defined.

The restructuring of assistance to Tanzania planned for the 1994 - 1997 period also places great demands on Norway as a donor. The development of capacity, competence and institution-building through i.a. institutional cooperation calls for a carefully planned strategy for the implementation of development cooperation efforts.

The following strategy should form the basis for Norway's implementation of development cooperation in the next three-four years:

- Use forms of assistance that promote the mobilization of the country's own national, human and material resources.
- Define more clearly the responsibilities of institutions and individuals for achieving results and preventing the waste and misuse of resources, and develop mechanisms for dealing with non-compliance as well as introducing positive incentives to improve performance.
- Devise a better system for measuring the results achieved during the period of implementation, based on a detailed preliminary analysis and identification of specific goals and sub-goals, and a broader, more systematic programme of evaluation to measure the impact of development assistance efforts.
- Strengthen the ability of the public sector to efficiently utilize resources, both at national and local level, including the ability and opportunities of popularly elected representatives to monitor the administrative apparatus.
- Develop modes of assistance that effectively promote the development of civil society, among other things, by strengthening the capacity of the private sector. Forms of assistance that may have an adverse, distortive effect on the market should be avoided.
- Adapt Norwegian assistance more closely to the overall assistance provided to Tanzania, such as by contributing towards task-sharing and the coordination and concentration of development assistance efforts. As far as possible, adapt Norway's own procedures and working methods to conform to standards commonly applied in international development assistance activities.

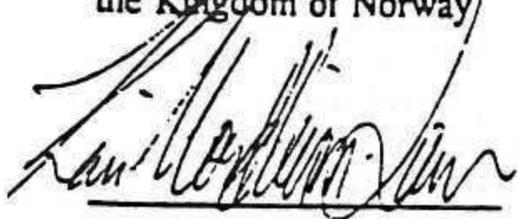
- Improve Norway's delivery system for development assistance. The present form of cooperation and methods should be reviewed and assessed in the light of the strategy outlined above.

6 Development assistance channels and instruments

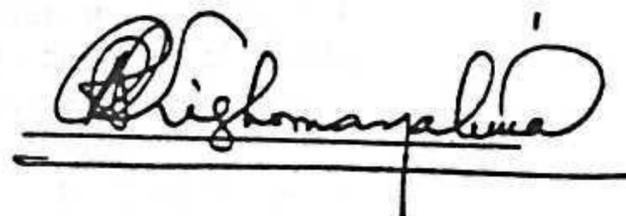
It was agreed that the total volume of Norwegian assistance to Tanzania should be maintained at a high level. The Norwegian Delegation stated that a 10 pct. reduction of the country programme per year in relation to the 1994 level of NOK 340 mill. for the period 1995-1998 is foreseen. Nonetheless, the total volume of Norwegian assistance to Tanzania may be maintained at a high level if more extensive use is made of allocations outside the framework of the country programme. The level of the total volume of assistance will, however, be contingent on the success of Tanzania's efforts to compete for funds from the global schemes. Information and consultations on the various financing opportunities outside the country programme will constitute an important element in the future dialogue. Such funds could also be used in cases of urgently needed support related to e.g. refugees and food supply. This should also result in greater flexibility in the use of development assistance funds.

Dar es Salaam, 21/10/ 1994

For the Government of
the Kingdom of Norway



For the Government of the
United Republic of Tanzania



GOALS AND STRATEGY FOR FUTURE COOPERATION WITH TANZANIA

Paper prepared by the Norwegian Ministry of Foreign Affairs, October 1994

1 Main challenges in Norwegian development assistance to Tanzania

Development cooperation between Norway and Tanzania has been going on for nearly 30 years and certainly useful experiences have been made through this period. It is of great importance that the history and experiences of the cooperation are taken into consideration when discussing future strategies for development assistance to Tanzania.

The formulation of goals and strategies for future cooperation with Tanzania appears to be particularly complicated by the transition which the country is currently undergoing. Events in the political process, such as the local elections in 1994 and national assembly and presidential elections in 1995, will have a significant impact on the development of the country in the next few years.

Tanzania has become heavily dependent on development assistance, and many of the country's economic and administrative problems appear to stem from this dependence. Therefore, it will be a major challenge for Norway to provide development assistance to Tanzania in a way that will reduce the country's dependency on such assistance.

2 Overall goal of development assistance

The overall long term goal for development cooperation with Tanzania is to promote the establishment of a sustainable economy that is not dependent on development assistance.

2.1 Main goals for the 1994-97 period

Cooperation in the coming period (1994-97) will primarily be focused on facilitating implementation of the reform process with a view to strengthen the foundation for sustainable political and economic development, achieving a better mobilization of Tanzania's own resources and thereby reducing the country's dependency on outside resources. Furthermore, it will be important to assist in establishing a broader cooperation between Norway and Tanzania.

2.2 Main areas of concentration for the 1994-97 period

In order to achieve the main goal of strengthening the basis for sustainable development, efforts must be concentrated on the following areas:

- a) **Political development**
The political reform programme that has been adopted sets high standards in terms of institutional changes, training programmes and access to information. As well as furthering democratic rights, the reforms will enhance the opportunities of the population to exert an influence on their own life situation. The development of stronger local democracy will also result in better priorities and a more efficient utilization of public resources.
- b) **Economic development**
An extensive reform process has been initiated in the economic sphere and will affect most sectors of society. Its goal is to create stability and generate favourable conditions for economic activity, thereby freeing hitherto unutilized local resources. Moreover, the reforms will help to attract foreign private capital, which will be instrumental in upgrading the level of competence and technology and thereby contribute towards the modernization of Tanzanian society.
- c) **Development of capacity and competence in the public and private sectors**
It is essential to the continuation of the restructuring process and favourable social development that the implementation of institutional reforms be intensified. Although a greater role will be played by the private sector, the administrative capacity and competence of the public sector to implement these reforms are crucial factors. Assistance for institutional development and competence-building will therefore be important at all levels of government administration, but training programmes are also required in the private sector. Greater access to education is a vital prerequisite for capacity and competence-building in both public administration and the private sector.

The restructuring of the public sector, decentralization, political pluralism and a greater role for the private sector are all factors that contribute to the increased importance of non-governmental organizations. While the number of NGOs has grown significantly, the majority are administratively weak and their ability to mobilize local resources is limited. In the coming period, efforts must be concentrated on increasing the institutional capacity of NGOs to enable them to fulfil their new roles. The development of the private commercial sector is of vital importance if Tanzania is to be able to maintain and strengthen its current favourable economic development. This calls for the competence to establish and run productive activities in a market economy.
- d) **Women in development**
All activities must continue to be planned and implemented in such a way as to ensure that women are actively involved in the development process, and that they are given the opportunity to participate actively in decision-making

processes at all levels.

- e) **Children**
The interests of children must be safeguarded, and the development assistance strategy targeted at children must be followed up in development cooperation.
- f) **Environmental issues**
The environmental aspect must be integrated in all Norwegian development assistance, for example through the systematic implementation of environmental impact assessments.
- g) **Strengthening commercial and cultural relations**
Although the development of modes of cooperation that extend beyond traditional development cooperation must be regarded as a long-term goal, it is important that a conscious effort be made to promote such expanded cooperation between Norway and Tanzania, also in the short term.

3 Policy instruments for the 1994-97 period

3.1 Programme for administrative assistance

Tanzanian public administration is to a large extent characterized by inefficiency and weak institutions. This represents a serious bottleneck for further development. Adding to the problem is the fact that corruption is increasing. There is therefore a need to strengthen and develop mechanisms and institutions to check and correct corruption.

This applies at both central and local level, and will jeopardize the reform and democratization process unless radical changes are made in the administrative system. Providing support for changes and, not least, improvements in public administration and economic management should therefore be a priority task for Norwegian development assistance. Continued support to the creation of a professional administration that functions in accordance with clear rules and routines will be a major contribution to the reform process. Support for capacity and institution-building in the civil society will also play an important role in this process. A programme for administrative assistance would comprise the following elements:

- a) **A programme to strengthen public administration**
Capacity and competence-building have, at varying degrees, been the goal of most development assistance at national and local level, as well as at sectoral level. Norwegian assistance should contribute towards implementing the above-mentioned programme of public administration reforms. Norway should enter into an active dialogue with the authorities in this field and Norwegian efforts within the administrative sector should be adapted to the reform programme.

- i) **National level:**
Targeted interventions at national level may be continued in fields where Norway has particular competence to provide assistance.
- ii) **Sectoral level:**
In view of the fundamental importance of institutional reforms to the restructuring process and social development, it is appropriate to emphasize training and institutional development in the sector programmes in order to achieve the necessary improvement in capacity and competence.
- iii) **Local level:**
It is proposed that the rural development programmes be terminated in their present form. A district programme taking into account the ongoing reform process in public administration and incorporating relevant experience from RUDEP and KIDEP instead be developed.

The district programme should comprise the following components:

- Institutional development and competence-building within the district administration with a view to a more efficient utilization of resources. Institutional development may take place within the framework of cooperation with similar Norwegian institutions.
 - Institutional development and competence-building within the popularly elected district councils in order to strengthen the administrative capacity of democratically elected bodies so that they are able to exercise their management and supervisory functions.
 - Consider the feasibility of a rural development fund designed to provide support for operations and investment activities. Forms of support should be adapted to locally mobilized resources.
- o) Capacity-building in civil society**
Providing assistance to non-governmental organizations can make a significant contribution to strengthen and develop pluralism in Tanzanian society. While it is important that NGOs not take over tasks that are inherently the responsibility of the Government, they can supplement public services in a number of fields. It is expected that the authorities will devise a strategy for dividing tasks between NGOs and the public sector in relevant fields.
- i) It is important that Norwegian development assistance resources be used to identify local NGOs with development potential, and to contribute towards increasing their institutional capacity, thereby enabling them, in the long term, to share tasks in certain fields with the public authorities. Norwegian NGOs should be encouraged to initiate institutional cooperation aimed at establishing training and competence-building programmes for local NGOs.

- ii) Restructuring the economic and political system will pave the way for broader cooperation. With greater emphasis on economic growth and the development of democracy, Norwegian development assistance should contribute towards institutional development and competence-building in important private-sector organizations. This support should be provided directly or within the framework of institutional cooperation between Tanzanian and Norwegian organizations. Various forms of support might encompass:
- Support for management training and measures to increase productivity;
 - Support for institution-building in workers' and employers' organizations;
 - Support to promote cooperation between the state and workers' and employers' organizations;
 - Support to build planning and implementation capacity in NGOs, possibly through cooperation with corresponding Norwegian organizations.

In view of the scope of the institutional reforms, both in the public sector and in civil society, it appears to be necessary to provide technical assistance to the reform process. Greater use of this form of assistance should, therefore, be made during the coming period, and should be concentrated on institutional development, the upgrading of competence and capacity-building.

3.2 Political Reform Programme

As the results achieved through supporting the political reform process have, on the whole been favourable, such support should be continued.

Three main elements of the reform programme are now entering a critical phase:

- a) Introduction of an electoral reform enabling registered parties to participate in local elections in 1994 and parliamentary and presidential elections in 1995.
- b) Implementation of a programme of public sector reforms, including a redistribution of responsibility between locally elected bodies and central government authorities.
- c) Establishment of independent interest organizations in civil society and efforts to encourage non-governmental organizations to supplement public services.

The decentralization of decision-making and the establishment of independent organizations to serve as a corrective to official policy are important preconditions for more efficient administration of public resources, more effective measures to meet

the needs of the population, and maintenance of an equitable income distribution policy.

Norwegian assistance should, to a greater degree, be focused on supporting the political reform programme. The period prior to the parliamentary elections in 1995 and immediately thereafter, when the new democratic system is to be implemented, is particularly important.

The implementation of the political reform programme is an important condition for a successful implementation of Tanzania's development strategy.

Norwegian development assistance will be concentrated on the following areas:

- i) Expanded support to the electoral process (National Electoral Commission), which should be coordinated with the effort of other donors.
- ii) Support to independent publishing companies, newspapers and broadcasting services, as well as for the exchange of information on democratization (seminars, conferences, etc.) preferably in cooperation with international organizations or organizations in Norway.
- iii) Support to political reforms at local level.
- iv) Support to the development of organizations such as trade unions, employer/trade associations and other special-interest organizations. Consideration should be given to broader cooperation with corresponding Norwegian organizations.

1.3 Economic development programme

A programme in support of economic development should comprise the following components:

- a) A macro-economic programme aimed at maintaining and strengthening economic stability;
- b) A programme of industrial and commercial development aimed at promoting a larger production apparatus in the private sector with a view to ensure economic growth.

a) Macro-economic programme

Tanzania is approaching macro-economic stability supported by a substantial volume of development assistance. Foreign exchange trading has virtually been deregulated, and the rate of exchange is determined by market supply and demand. The balance of payment support extended to Tanzania assists the foundation of a market-determined exchange rate and the promotion of macro-economic stability and

economic growth. Generating confidence in the stability of the national currency is essential to the mobilization of private investments. Import support plays a vital role in enabling the implementation of necessary structural changes without effecting overly drastic cutbacks in the import of essential goods.

Norway has provided assistance for debt relief measures through the Debt Fund on four previous occasions (1988, 1989, 1991 and 1993). In 1988 support was given in the form of co-financing in cooperation with one of the World Bank's structural adjustment programmes, i.e. indirect debt relief. In 1989, 1991 and 1993 the support was applied to cover Tanzania's debt to the World Bank through the "fifth dimension" i.e. direct debt relief.

Two areas of concentration are relevant in the coming period:

- i) Import/balance of payment support, subject to a prohibition on incorporating counterpart funds into the fiscal budget for recurrent expenditures.
- ii) Debt relief measures in connection with debts guaranteed by the Norwegian government and multilateral debt service to the International Bank for Reconstruction and Development (IBRD).

Both of the above-mentioned measures should also be conditional on the satisfactory implementation of key reforms within the framework of the structural adjustment programme. An overall assessment should also be undertaken of the way Norwegian assistance to Tanzania is distributed. It does not seem advisable to give the same degree of priority to import/balance of payment support as previously, and a plan should therefore be made for the gradual reduction of this type of support. Funds should instead be transferred to investments in productive activities and to support capacity-building in the public and private sectors.

b. Programme for industrial and commercial development

To meet the need for greater capacity and competence in promoting sustainable economic growth through the development of business and industry, it is proposed that support for industrial and commercial development be increased.

The support should focus on three main areas:

- The role of the public sector in industrial and commercial development with emphasis on economic development policy, including policy instruments and legislation designed to support the economic reform process.
- Development of institutions and organizations that can make a useful contribution to trade and industry in the form of advisory services and competence-building programmes.

- **Financial support in the form of long-term credits, venture capital and guarantee schemes.**

A programme for industrial and commercial development designed to promote the above objectives should comprise the following components:

- i) **Economic development policy and policy instruments.**
Continued support to the Investment Promotion Centre (IPC) should be considered on the basis of scheduled evaluations.

- ii) **Advisory services and competence-building.**
The development of technology and know-how seems to be especially important at the current stage in the development of sustainable trade and industry. A programme should therefore be established to support institutions in Tanzania that are engaged in this field, with emphasis on institutions oriented towards small and medium-sized companies in the formal and informal sector.

Steps should be taken to establish a programme to support employers' and employees' organizations, as well as professional associations, chambers of commerce, etc. This programme could facilitate expanded cooperation with relevant institutions and organizations in Norway, such as the Norwegian Federation of Trade Unions (LO) and the Confederation of Norwegian Business and Industry (NHO). Consideration should also be given to establish a fund for the development of environmentally sound technology as a means of stimulating sustainable industrial and commercial development.

- iii) **Financing schemes.**
A policy instrument that may be important in fostering industrial and commercial development is the provision of technical assistance to finance institutions for the establishment of long-term credit schemes, venture capital and/or equity capital funds. The possibility of using counterpart funds related to import support to establish such schemes should be considered. Consideration may also be given to provide support through established co-financing schemes in cooperation with other development assistance organizations and the World Bank. The extension of credit to the informal sector should continue to be provided through support for the development of PRIDE. Any expansion of support should be based on the results achieved during the current establishment phase. The present form of support for industrial and commercial development within the framework of rural development should be phased out.

3.4 Infrastructure programme

Norwegian development assistance should be provided as a component of integrated programmes where responsibility for coordinating efforts lies with the recipient. Norwegian participation must also be contingent on the recipient establishing reliable

arrangements for the future maintenance of the investments effected.

Support should be maintained in the following areas of concentration:

- i) In the energy sector, the main emphasis will still be on deliveries of equipment for power plants. Such deliveries should increasingly be financed outside the framework of the country programme, by such means as tied co-financing. Limited support in connection with the planning of future hydropower development may be provided. Issues related to alternative energy sources, greater efficiency in exploiting existing capacity, and energy-saving should be considered as potential components of a future programme.
- ii) It is proposed that Norwegian involvement in the road sector be continued within the framework of existing agreements, concentrated on maintenance and rehabilitation, institutional development and road safety. Any new agreements should focus on institutional development and institutional cooperation.

The following areas of concentration are to be phased out/terminated:

- i) A plan to phase out development assistance in the petroleum sector should be drawn up. The present project could continue on the basis of support through industrial and commercial cooperation if it attracts commercial interests in Norway.
- ii) The targeted support for harbour development and the railway company TAZARA is to be phased out.
- iii) Assistance for geographic surveys and the production of maps should be phased out.

3.5 Programme for education and research

Norwegian assistance to education and research should be maintained and strengthened as an integral part of an overall program for the sector. Assistance to this sector must be seen in the context of the objective of strengthening public administration at all levels of society.

Support should be maintained in the following areas of concentration:

- i) Efforts to establish framework agreements with the University of Dar es Salaam and the Sokoine University of Agricultural and Veterinary Sciences are to be intensified. In this connection, Norway should also be able to provide support for the academic restructuring, administration and financial management of the institutions.

- ii) Norway should follow closely the debate on a new research policy and be prepared to contribute if a viable research fund is established. Efforts should be aimed especially at providing support for research that will enable the university to play a more constructive role in addressing the needs created by the reform process. The questions of task-sharing and cooperation between the National Committee for Development-related Research and Education (NUFU) and NORAD must be clarified.
- iii) Support for the Institute of Development Management (IDM) should be continued considering the great challenges faced by the institution in developing expertise responding to needs arising from the restructuring of the public and private sectors. The challenges within local government are particularly formidable, and the ongoing institutional cooperation with Norwegian institutions should be further developed.
- iv) With regard to education, support may either be provided directly and/or through efforts to strengthen relevant fields at higher level such as teacher education and the development of curricula and textbooks. Such support is predicated on Norway's active participation in the dialogue on the new educational strategy and on the strengthening of cooperation with the Ministry of Education and Culture to find an appropriate role for Norway as partner in cooperation. Support for competence- and institution-building in the administration of education will be an important area. The ministry should be provided with an overview of relevant Norwegian institutions to facilitate their own evaluation of potential areas of cooperation and partners
- v) Support for the Reform Programme for Education, through the World Bank.

3.6 Environmental and resource management

Continued support for management of the environment and natural resources is necessary to promote sustainable economic development that safeguards the natural resource base. There is a need for a coherent environmental policy and legislation to ensure coordination among the various ministries concerned. This is also necessary in order to increase knowledge of and improve access to information on environmental developments and regulate private-sector activities as regards the use of natural resources and handling of waste problems.

The following areas of concentration are proposed:

- i) Norwegian development assistance within the sector of the environment and natural resource management in the next few years should focus on developing competence and capacity in public institutions charged with safeguarding the environment, primarily the Ministry of Tourism, Natural Resources and Environment (MTNRE). Support for the MTNRE through the country programme is covered by a cooperation agreement designed to facilitate coordination. The size of the programme should be limited.

Institutional development will encompass:

- Clarification of the spheres of responsibility of Tanzanian institutions involved in environmental efforts in order to avoid duplication and to consolidate expertise in a smaller number of institutions.
 - Intensification of current efforts to develop a national environmental policy in cooperation with other ministries and the NEMC.
 - Preparation of guidelines and streamlined procedures for environmental impact assessments.
 - Development of instruments to control pollution and the use of natural resources.
 - Development of an environmental information network.
 - Measures to generate greater public awareness of environmental issues in cooperation with the private sector, voluntary organizations and schools.
- ii) Current projects in Shinyanga and Serengeti and the Protection Forest project should be reviewed and evaluated individually in relation to the decentralization policy, legislation, institutional spheres of responsibility and the MTNRE's own strategies.
- iii) The special environmental allocation must be used more systematically to support the country programme's environmental components through measures such as pilot studies.
- iv) Voluntary organizations in the environmental sector will continue to receive support proportional to their capacity through the environmental allocation or the NGO allocation.

3.7 Development assistance in the health sector

The HIV/AIDS epidemic leads to an increasing strain on public health services and national efforts to combat AIDS are still relatively ineffective. National development plans provide for increased budgets for the health sector, giving higher priority to this area of government responsibility. Many groups are now actively involved in the sector, including a large number of donors who provide funds earmarked for special measures.

The following areas of concentration are proposed:

- i) Assistance for competence and capacity building in the health sector will be offered within the framework of the programme for administrative assistance.

- ii) Support for the national AIDS-programme will be maintained, through both the country programme and the AIDS allocations. A decision to give AIDS related research priority within the framework of university cooperation (NUFU) should elicit a positive response.
- iii) Norway should continue to support measures initiated by a number of NGOs for the mobilization of local resources within the health sector.

3.8 Programme to strengthen commercial and cultural relations

With a view to achieve the long-term goal of future cooperation between Norway and Tanzania not overwhelmingly based on development assistance, greater importance and higher status should be attributed to this aspect of the cooperation. Developing a broader network of contacts involving genuine interests on both sides will have a beneficial impact on cooperation in general. Expanding contacts in the commercial sector will also pave the way for business opportunities in addition to development assistance activities. Although it should be emphasized that it is not the task nor the responsibility of the Norwegian authorities to develop such cooperation, the authorities possess the instruments required for this purpose:

- i) The special schemes that have been established in support of industrial and commercial cooperation, cooperation with NGOs and cultural cooperation. The goal of achieving relations between Norway and Tanzania less dependent on development assistance also represents a challenge to trade and industry to invest in industrial and commercial cooperation with Tanzania, even without the support of development assistance funds.
- ii) Consideration should be given to the establishment of a fund that will promote cooperation between Norwegian institutions, municipalities and similar Tanzanian institutions. The fund should operate according to the same general guidelines as the support for business and industry, but it should be financed through the country programme. Institutions wishing to participate should be required to finance a significant portion of the costs involved, and full responsibility for implementation should rest with the participants themselves.

4 Development assistance channels and instruments

The development assistance provided by Norway through the country programme has been reduced in the past three years from NOK 420 million in 1992 to NOK 340 million in the Fiscal Budget for 1994. The decrease in Norwegian assistance has been due to concern about the implementation of economic reforms and Tanzania's ability to effectively absorb resources provided by donors.

The country programme, NGOs, the Norwegian Volunteer Service, special allocations and provisions for industrial and commercial cooperation will be maintained as channels of assistance during the coming period.

4.1 The country programme

The country programme will be the primary channel of development assistance during the 1994-97 period. However, Tanzania's heavy dependence on development assistance gives grounds for concern. In as much as this dependence has adverse effects on the country's economic and political situation, it should be a goal for Norwegian development assistance to help reduce Tanzania's reliance on foreign assistance. Consequently, a gradual reduction of government-to-government assistance through the country programme is proposed.

To ensure that curtailing assistance will in fact result in less dependence on donors, it is essential that the assistance provided through the country programme is targeted at institutional development and competence-building, thereby enabling Tanzania to exploit its own resources as efficiently as possible.

A reduction of approximately 10 per cent per year in relation to the suggested level for 1994 (NOK 340 million) is proposed for the 1995-98 period.

Many of the obstacles to further, more effective restructuring are of an institutional nature. Efforts to implement institutional reforms must therefore be intensified, and will require considerable capacity. Norway should provide more technical assistance to the reform process, preferably through institutional cooperation. Assistance of this kind will have to be targeted towards both the public and private sector. The technical assistance should be focused on institutional development, the upgrading of expertise and capacity-building.

Nonetheless, the total volume of Norwegian assistance to Tanzania may be maintained at a high level if more extensive use is made of allocations outside the framework of the country programme. The level of the total volume of assistance will, however, be contingent on the success of Tanzania's efforts to compete for funds from the global schemes. This should also result in greater flexibility in the use of development assistance funds.

It is an explicit premise of Norway's cooperation with Tanzania that the country programme will be reduced and that the total volume of Norwegian assistance to the country can only be maintained at a high level if Tanzania manages to compete for funds from the global schemes.

4.2 Non-governmental organizations

The proposed increase in emphasis on support for the development of the civil society in Tanzania may entail larger allocations to non-governmental organizations. The involvement of Norwegian NGOs in Tanzania is limited at present. In keeping with the proposed strategy for future cooperation, however, Norwegian NGOs should be invited to investigate the possibilities of cooperation with Tanzanian NGOs with a view to strengthen the competence and capacity of local organizations.

4.3 The Norwegian Volunteer Service

In view of the greater emphasis on rural areas in development assistance, as well as the increased attention focused on developing civil society, the Norwegian Volunteer Service should continue to have a role to play in development cooperation in the coming period.

4.4 Special allocations

As a result of the proposed reduction in the assistance provided through the country programme, the environmental, women in-development, cultural, AIDS and research allocations will assume greater importance as channels of assistance. Any increase in the funds provided to Tanzania through these allocations will depend on whether the country is able to present projects capable of competing for the funds earmarked for these allocations. Use may also be made of the democracy allocation to support the democratization process in the country.

4.5 Regional allocation

The regional allocation is expected to play an important role as a result of the proposed reduction in the assistance provided through the country programme in favour of more allocations through the above mentioned special allocations. As will be the case with the special allocations, support through the regional allocation will depend on Tanzania's ability to present projects that can compete for funds through this allocation.

4.6 Industrial and commercial cooperation

In the wake of the economic reform programme, with its greater emphasis on and development of the private sector, industrial and commercial cooperation will play an increasingly important role as a form of assistance to Tanzania. Use of the schemes for industrial and commercial cooperation will constitute an important tool in the efforts to normalize commercial relations between Norway and Tanzania.

4.7 Southern African Development Community (SADC)

Tanzania will continue to receive a certain amount of support through the SADC allocation. However, it is proposed that the general support currently granted to the SADC's secretariat for trade and industry be terminated.

4.8 Coordination of development assistance channels

In view of the proposal to restructure and reduce the assistance provided within the

framework of the country programme, a concerted effort must be made to utilize all available channels of assistance, combining them as expediently as possible, in order to achieve maximum benefit from the totality of Norwegian development assistance.

5 Responsibility and roles

Both Norway and Tanzania bear a responsibility for ensuring the successful implementation of development cooperation efforts during the 1994-1997 period, and maximum effectiveness in utilizing funds. However, it should be stressed that the principle of recipient responsibility is central to Norwegian development assistance policy.

5.1 The Tanzania public administration

While the principle of recipient responsibility reflects a general goal and direction, the implementation of this principle should be adapted to each individual recipient country. Recipient responsibility places great demands on both the recipient and the donor organization, and the successful application of the principle is predicated on an open dialogue and close cooperation between the parties concerned. In Tanzania's current situation, hampered by weak institutions in both the public and private sectors, institutions will have to undergo extensive reforms and strengthening in the coming period. Furthermore, it is important that the implementation of the principle of recipient responsibility be tailored to individual institutions. The following minimum requirements must be applied in connection with every measure that is financed through development assistance:

- a) All development assistance on a government - to government basis should appear in the fiscal budget.
- b) All measures planned should originate from the country's own priority plans.
- c) Agreements relating to individual measures should clearly specify Tanzania's commitment in terms of financing and personnel, which must in turn be reflected in the fiscal budget. Their implementation must be documented. The consequences and procedures to be followed in cases where this requirement is not fulfilled must be clearly defined.
- d) Agreements should specify the responsibility and obligations of the parties concerned with regard to performance and financial reports, as well as to auditing procedures. Moreover, procedures for decision-making and the consequences of a failure to achieve the targeted results or to fulfil obligations, must be set out clearly in the agreements.
- e) Project objectives and targets should be clearly defined.

5.2 Administration of Norwegian development assistance to Tanzania in the 1994-1997 period

The restructuring of assistance to Tanzania planned for the 1994 - 1997 period also places great demands on Norway as a donor. The development of capacity and institution-building through i.a. institutional cooperation calls for a carefully planned strategy .

The following strategy should form the basis for Norway's implementation of development cooperation in the next three-four years:

- Use forms of assistance that promote the mobilization of the country's own national, human and material resources.
- Define more clearly the responsibilities of institutions and individuals for achieving results and preventing waste and misuse of resources, and develop mechanisms for dealing with non-compliance as well as introducing positive incentives to improve performance.
- Devise a better system for measuring the results achieved during the period of implementation, based on a detailed preliminary analysis and identification of specific goals and sub-goals, and a broader, more systematic programme of evaluation to monitor the impact of development assistance.
- Strengthen the ability of the public sector to efficiently utilize resources, both at national and local level, including the ability and opportunities of popularly elected representatives to monitor the administrative apparatus.
- Develop modes of assistance that effectively promotes the development of civil society, among other things, by strengthening the capacity of the private sector. Forms of assistance that may have an adverse, distortive effect on the market should be avoided.
- Adapt Norwegian assistance more closely to the overall assistance provided to Tanzania, by contributing towards task-sharing and the coordination and concentration of development assistance efforts. As far as possible, adapt Norway's own procedures and working methods to conform with standards commonly applied in international development assistance activities.
- Improve Norway's delivery system for development assistance. The present form of cooperation and methods should be reviewed and assessed in the light of the strategy outlined above.

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Annex 4:

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Annex 5:

Evaluation Criteria

The general evaluation criteria are:

- *Relevance:* The degree to which the activity can be justified in relation to the development priorities as defined in the Country Strategy/MoU.
- *Impact:* The changes and effects – positive and negative – planned and unforeseen of the activity, seen in relation to target groups and others who are to be affected (the relationship between inputs and objective of activity).
- *Cost effectiveness:* How the results stand in relation to the effort expended. How economically inputs are converted into outputs. Whether the same results could have been achieved in another better way (relationship of outputs to inputs).
- *Financial sustainability:* An assessment of the extent to which the positive effects of the activity will continue after external financial assistance has ended.
- *Organisational sustainability.* The extent to which organisational improvements will continue after external technical assistance has been concluded.

At the level of activity implementation, five dimensions were looked into.

- *Appraisal done:* To what extent an appraisal was done, preferably that generated a benchmark study against which change could be monitored. The appraisal should have measurable observations along all dimensions that are considered of importance to the activity – i.e. gender, financial situation, etc.
- *Monitorable Indicators:* How well indicators of change/improvement have been identified, including whether process issues and identifiable achievements during the period have been specified, permitting realistic assessments of progress.
- *Financial Reporting:* The degree to which accounting, financial progress, auditing and other financial performance reporting has been delivered on a timely basis as per the signed agreements.
- *Activity Reporting:* The degree to which progress reports have been submitted; their reporting on

achievements, attainment of intermediary goals, analysis of variance compared with expected results, etc, that would permit decisions for corrective action to be made.

- *External Monitoring:* The use of external monitoring teams to assess performance, particularly along critical, difficult or controversial dimensions. The use of external monitoring to improve quality of performance.

Finally, the various crosscutting issues defined for this program were looked at:

- *Poverty Reduction:* Though not in the MoU, this is an overriding concern for all Norwegian aid, and thus should be included. This variable was to look at to what degree the activity in question made a sustainable positive impact on poverty, where activities with primary direct impact would score the highest.
- *Gender:* The extent to which gender had been mainstreamed into the activity and pursued as an integrated part. Quality of reporting on gender, and degree to which particular goals regarding gender were attained.
- *Environment:* The degree to which environmental sustainability is built into the activity, and actively monitored.
- *Institutional Development:* The extent to which institutional development is included as a goal, has been operationalised, and is being pursued. Degree of attainment of the defined goals.
- *Coordination:* To what extent the Norwegian funded activity is coordinated with other activities in the same sector. The degree to which objectives, policies and implementation modalities (capital intensity, time horizon, etc.) are similar. The degree to which Norway was conscious/aware of on-going activities and took this into consideration when designing the activity.
- *Recipient Responsibility:* The degree to which true partnership was established with the relevant stakeholder groups both in the identification and implementation phases. The extent to which Norway has adjusted its support to Tanzanian priorities and modes of operation.

- *New forms of Collaboration:* The country strategy wished to promote less aid-dependent forms of collaboration, and it strongly encouraged experimentation and risk-taking to achieve such a shift. The aspiration was to identify ways of working together that would demand less total resources, would encourage the Tanzanian partner to contribute more in one way or another, and would also be based on the Norwegian partners having an intrinsic interest and thus mobilising own resources and not require NORAD support for continued engagement. This variable was to measure success along this criterion.
- *Recorded in Government Budget:* The strategy has as an explicit goal that all Norwegian funded state-to-state activities should be included in the government's development budget. Most activities scored a "0" on this one, since by the budget year 1997/98 only about 12% of Norwegian aid could be identified in the budget- This has improved dramatically in the 1998/99 budget, however, where the registration percentage was nearly 70 – but an achievement attained after the programme period being analysed.
- *Local Resource Mobilisation:* This looked at to what extent local resources – financial, human, organisational – were mobilised in favour of the activity. This dimension was one of the more difficult ones to rate, as success criteria were non-existent and the information available usually was indirect or very poor. The ratings were thus based a lot on vague impressionistic information.

EVALUATION REPORTS

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|-------|---|-------|--|
| 1.87 | The Water Supply Programme in Western Province, Zambia | 3.96 | The Norwegian People's Aid Mine Clearance Project in Cambodia |
| 2.87 | Sosio-kulturelle forhold i bistanden | 4.96 | Democratic Global Civil Governance Report of the 1995 Benchmark Survey of NGOs |
| 3.87 | Summary Findings of 23 Evaluation Reports | 5.96 | Evaluation of the Yearbook Human Rights in Developing Countries |
| 4.87 | NORAD's Provisions for Investment Support | | |
| 5.87 | Multilateral bistand gjennom FN-systemet | 1.97 | Evaluation of Norwegian Assistance to Prevent and Control HIV/AIDS |
| 6.87 | Promoting Imports from Developing Countries | 2.97 | «Kultursjokk og korrektiv» – Evaluering av UD/NORADs studiereiser for lærere |
| 1.88 | UNIFEM - United Nations Development Fund for Women | 3.97 | Evaluation of decentralisation and development |
| 2.88 | The Norwegian Multi-Bilateral Programme under UNFPA | 4.97 | Evaluation of Norwegian Assistance to Peace, Reconciliation and Rehabilitation in Mozambique |
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| 6.88 | Good Aid for Women? | 8.97 | Evaluation of the Nordic Africa Institute, Uppsala |
| 7.88 | Soil Science Fellowship Course in Norway | 9.97 | Evaluation of Norwegian Assistance to Worldview International Foundation |
| 1.89 | Parallel Financing and Mixed Credits | 10.97 | Review of Norwegian Assistance to IPS |
| 2.89 | The Women's Grant. Desk Study Review | 11.97 | Evaluation of Norwegian Humanitarian Assistance to the Sudan |
| 3.89 | The Norwegian Volunteer Service | 12.97 | Cooperation for Health Development
WHO's support to programmes at country level |
| 4.89 | Fisheries Research Vessel - "Dr. Fridtjof Nansen" | | |
| 5.89 | Institute of Development Management, Tanzania | 1.98 | «Twinning for Development» Institutional Cooperation between Public Institutions in Norway and the South |
| 6.89 | DUHs forskningsprogrammer | 2.98 | Institutional Cooperation between Sokoine and Norwegian Agricultural Universities |
| 7.89 | Rural Water Supply, Zimbabwe | 3.98 | Development through Institutions? Institutional Development promoted by Norwegian Private Companies and Consulting Firms |
| 8.89 | Commodity Import Programme, Zimbabwe | 4.98 | Development through Institutions? Institutional Development promoted by Norwegian Non-Governmental Organisations |
| 9.89 | Dairy Sector Support, Zimbabwe | 5.98 | Development through Institutions? Institutional Development in Norwegian Bilateral Assistance. Synthesis Report |
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| 2.91 | Diploma Courses at the Norwegian Institute of Technology | 14.98 | Relief in Complex Emergencies |
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| 2.92 | The Sahel-Sudan-Ethiopia Programme | 4.99 | Evaluation of the Tanzania-Norge Development Cooperation 1994–1997 |
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| 1.95 | Technical Cooperation in Transition | | |
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