

# Mid-Term Review of the Oil for Development (OfD) Programme in Tanzania

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Oxford Policy Management

# **Mid-Term Review of the Oil for Development (OfD) Programme in Tanzania**

CONSULTANCY SERVICES

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## **Final Report**

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09 July 2015

## Executive Summary

Oxford Policy Management (OPM) has been engaged by The Royal Norwegian Embassy in Tanzania, hereinafter referred to as the Embassy, to carry out the Mid-Term Review (MTR) of the Oil for Development Program (OfD) in Tanzania. The overall outcome of OfD-program is the economically, environmentally and socially responsible management of petroleum resources which safeguards the need of future generations. This outcome is expected to be achieved through the objective of contributing to building the capacities and deepening institutional competencies of the Government of Tanzania. The Program will also pursue another objective, to contribute to improve the legal, regulatory and institutional framework for the petroleum sector thereby by enhancing resource governance.

The bilateral cooperation agreement between the Government of the United Republic of Tanzania and Norwegian Ministry of Foreign Affairs, establishing the three-year OfD programme (hereafter the Programme), was signed in March 2012 and it became operational in February 2013 with the signing of the institutional cooperation contract between the Ministry of Energy and Minerals (MEM) in Tanzania and the Ministry for Petroleum and Energy (MPE) in Norway. The Programme ends in December 2015. The purpose of this MTR is to independently assess achievements made so far in the Programme, including documenting lessons learned, as part of an ongoing assessment of whether to persevere with Phase II of the OFD after 2015.

In order to achieve this goal, work on the assignment began in mid-December 2014 with a kick-off conference call with representatives from the Embassy and the Norwegian Agency for Development Cooperation (NORAD) to discuss the scope of the work considering the existing time framework. After that, the work has continued with a review of relevant literature and data sources, including remote conferences with some of the Norwegian stakeholders involved in the project. Following the elaboration of an Inception Report summarizing the main findings and working hypothesis obtained during the literature review and remote interviews with Norwegian stakeholders, the OPM team spent two weeks in Tanzania in March conducting meetings with all the local and international actors directly and indirectly involved in the project.

Findings obtained seem to suggest that the Programme is not performing according to the original plans. In this regard, Norwegian and Tanzanians stakeholders alike seem to agree that the project is far from producing the expected results. Thus, a certain number of activities have suffered different levels of delay, affecting the overall performance of the Programme as a result. Other activities not initiated yet, are also at risk of being delayed. Some of the activities already completed have failed to deliver the anticipated results as well. Regardless of whether the existing level of progress may or not be acceptable, considering the circumstances surrounding the project, the perception that the project may be failing is widespread. This, in turn, is raising the level of frustration and anxiety experienced by stakeholders in relation to the OfD Program in Tanzania. The MTR did however find that due to the positive result from the preparatory elements of the various activities implemented or being implemented, the OfD programme has the potential to meet expectations over the next period of support.

In order to understand why the Programme is underperforming, the OPM team has conducted a systemic analysis that seeks to not only to explore what factors are negatively affecting the capacity of the Programme to deliver but also, more importantly, how these factors interact and reinforce each other. This analysis illustrates how these factors can be grouped into five coherent clusters: (i) design issues, affecting how the Programme was structured and implemented, with special emphasis in the lack of an inception phase, the delay in the production of the Training Needs Assessment document and a weak risk assessment, with no practical linkages to day-to-day management; (ii) structure elements, influencing not only how decisions are made within the project but, equally importantly, how communication and coordination takes place between the different institutional layers existing in the Programme; (iii) the lack of a Logical Framework, Theory of Change and a M&E structure, which noticeably obstructs the proactive management of the Programme; (iv) a certain sense of a lack of commitment and engagement on the side of some Tanzanian stakeholders, which can be seen as a manifestation of deeper problems affecting the relationship between Norwegian and Tanzanian actors, such as the perceived lack of trust, but that are also a clear symptom of the internal deficiencies that institutions like the Tanzania Petroleum Development Corporation (TPDC) or the Ministry of Energy and Minerals (MEM) have to face; (v) the difficulties to accomplish a better operational integration of Zanzibar agents within the Programme.

While each of these factors in itself is not enough to cause the Programme to underperform, they combine to create a reinforcing mix of elements that conspire to produce a powerful negative path of dependence.

It is worthwhile highlighting however that not all information gathered informs a negative interpretation as the Change Matrix analysis reveals positive evidence about the prospects of the Programme. In particular, the combined work carried out at an individual and sector level have the potential to really introduce important changes in the management of the petroleum industry, provided that these actions are supplemented by improvements in the capacity of public actors involved.

Also, the results of this MTR clearly suggest that the Programme has a strong inception component. Thus, many of the activities programmed indeed have a preparatory nature. In other words, they are not results-oriented, in the sense of contributing to achieve the final objectives of the Programme, but to prepare the terrain to enable subsequent activities to deliver more efficiently going forward. In this regard, understanding the gap between what the Programme actually is and how is perceived is critical to comprehend the atmosphere of underperformance around it and its significant potential to deliver going forward should some of the design and structure fundamentals and their shortcomings be addressed.

In terms of the changes that may necessarily be introduced to correct the current course of the Programme, the following are suggested:

- An integrated management tool that intrinsically embodies the strategic objectives of the OfD Program and the relevant outcome based indicators so as to enable more effective and proactive management of both the programme and the risks facing it.

- A simpler but more cohesive structure informed by the overall strategy of the OfD Program so to improve general decision-making processes, as well as coordination and communication among all parties involved, and in particular relations between the Royal Norwegian Embassy and the Norwegian institutions in charge of the implementation of the Programme – the Norwegian Petroleum Directorate and its representative in Tanzania, the Resident Programme Coordinator, and NORAD that clearly outline the roles and responsibilities of the various protagonists. In the final analysis, structure follows strategy.
- A better level of inclusion of Zanzibar in the Programme, based on a specific work plan of activities and related allocation of budget to support Zanzibar. This has to be done in an integrated manner so not to reinforce a certain silo mind-set that dominates relationships between the mainland and the island and that, to a certain extent, the Programme also reproduces.
- A more collaborative approach to the design of the training components of the Programme, based on a greater level of consultation so the needs of the Tanzanian counterparts may be effectively incorporated. The two principles guiding this approach to training should be (i) “less workshops and more capacity-building”; and (ii) “training should be as practical and hands-on as possible”.

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## List of Abbreviations

AGC	Attorney General's Chambers – Tanzania
BoT	Bank of Tanzania
EIA	Environmental Impact Assessment
HGA	Host Government Agreement
HSE	Safety and Environment
IOCs	International Oil Companies
LNG	Liquidised Natural Gas
ME	Ministry of Environment – Norway
MEM	Ministry of Energy and Minerals – Tanzania
MFA	Ministry of Foreign Affairs – Norway
MLFD	Ministry of Livestock and Fisheries Development – Tanzania
MLHWE	Ministry of Lands, Housing, Water and Energy – Zanzibar
MLoEYD	Ministry of Labour Youth and Employment Development – Tanzania
MoF	Ministry of Finance
MNRT	Ministry of Natural Resources and Tourism – Tanzania
MPE	Ministry of Petroleum and Energy – Norway
MTR	Mid-Term Review
NEA	Norwegian Environment Agency
NEMC	National Environment Management Council - Tanzania
NORAD	Norwegian Agency for Development Cooperation
NPD	Norwegian Petroleum Directorate
OfD	Oil for Development Programme
OPM	Oxford Policy Management
OSHA	Occupational Safety and Health Agency
PCC	Programme Coordination Committee
POPC	President's Office Planning Commission
PSA	Petroleum Safety Authority
RPC	Resident Programme Coordinator
SUMATRA	Surface and Marine Transport Regulatory Authority
TCF	Trillion Cubic Feet
TEITI	Tanzania Extractive Industries Transparency Initiative
TNA	Training Needs Assessment
TPDC	Tanzania Petroleum Development Corporation
TR	Treasure Registrar
VPO	Vice President's Office

## 1 Introduction

Oxford Policy Management (OPM) has been engaged by The Royal Norwegian Embassy in Tanzania, hereinafter referred to as the Embassy, to carry out the Mid-Term Review (MTR) of the Oil for Development Programme (OfD) in Tanzania. The overall goal of OfD-Programme is economically, environmentally and socially responsible management of petroleum resources which safeguards the need for future generations. This objective is expected to be achieved by contributing to improve the capacities and institutional competencies of the Government of Tanzania. The Programme will also contribute to improve the legal, regulatory and institutional framework for the petroleum sector.

Work on the assignment began in mid-December 2014 with a kick-off conference call with representatives from the Embassy and the Norwegian Agency for Development Cooperation (NORAD) to discuss the scope of the work considering the existing time framework. After that, the work continued with a review of relevant literature and data sources, including remote conferences with some of the Norwegian stakeholders involved in the project. After the elaboration of an Inception Report summarizing the main findings and working hypothesis obtained during the literature review and remote interviews with Norwegian stakeholders, the OPM spent two weeks in Tanzania, early in March, conducting meetings with all the local and international actors directly and indirectly involved in the project. Ida Aronsen, from NORAD, joined the OPM team during most of the fieldwork. Her presence was critical for the success of the trip, as she effectively contributed to get a better understanding of both the structures and processes surrounding the OfD Programme in Tanzania, as well as of the factors behind the decision-making processes around the project.

In accordance with the Terms of Reference (ToR) for this project, Chapter 2 of this Final Report provides an introduction to the petroleum sector in Tanzania, including a brief description of the main actors involved in it, the regulatory framework, and the expectations for the future of the sector. Chapter 3 reviews the activities carried out by the OfD Programme to date, making a fundamental distinction between inception and implementation activities. Chapter 4 gives an in-depth analysis of the main factors affecting the performance of the Programme. These factors are divided into five main blocks, namely design, structure, lack of a Logical Framework and Theory of Change, lack of commitment and engagement, and Zanzibar. These sections conclude with a systemic analysis of these factors – that is, how they interact between them and reinforce each other. Chapter 5 introduces the Change Matrix of the OfD Programme and analyses its performance in terms of its contribution to produce change at individual, organizational and sector level. It also briefly explores how to make the most of the potential of the Programme. Chapter 6 analyses the results of the Programme using the OCDE criteria, while finally Chapter 7 presents the main conclusions as well as some recommendations for the next phase of the project.



## 2 The petroleum sector in Tanzania and the OfD Programme

### 2.1 Introduction

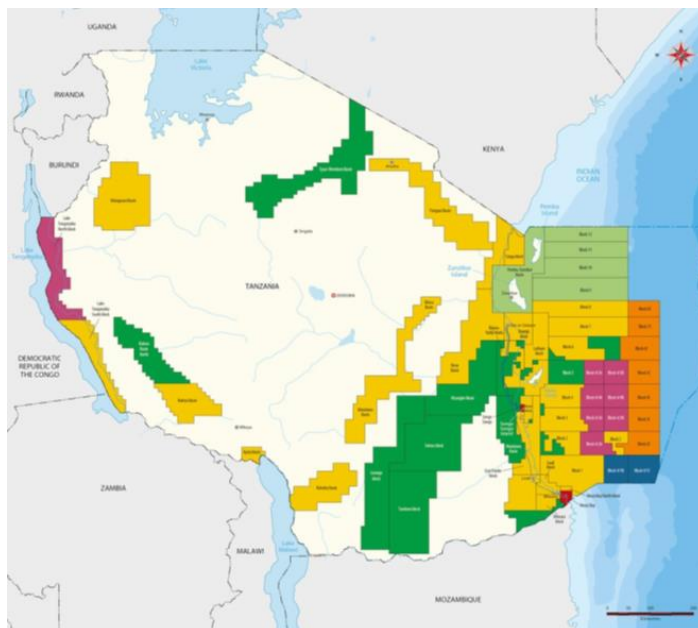
Tanzania is a country rich in natural resources, in particular hard-rock minerals and natural gas. Natural gas in Tanzania was firstly discovered in 1974 although the most important breakthroughs were made between 2010 and 2014. Gas production began in 2004 and there are currently two producing areas in shallow water: the Songo Songo field in Kilwa district (2004) and Mnazi Bay/Msimbati in the Mtwara region (2006) as shown in Figure 1. The gas produced from these fields provides an important source of electricity in Tanzania.

As of December 2014, natural gas discoveries of about 55.08 trillion cubic feet (TCF) have been made from on- and off-shore sources. Currently there are 26 signed Production Sharing Agreements (PSAs) whereas 18 licenses are for onshore and 8 licenses are for offshore operated by 17 companies altogether.

The recent discoveries (mostly offshore and in deep water at depths of 1,500-2,500 meters)

relate to Block 1 (Chaza, Jodari, Mzia and Mkizi), Block 2 (Zafarani, Lavani and Tangawizi, Mlonge and Binzari), Block 3 (Papa) and Block 4 (Pweza, Chewa and Ngisi).

**Figure 1: Discoveries of Natural Gas in Tanzania**



Source: MEM

### 2.2 Main actors in the petroleum sector

The following are the main actors in the petroleum sector in Tanzania:

- **The Ministry of Energy and Minerals (MEM)** sets and monitors the implementation of policies, strategies and laws for sustainability of energy and mineral resources to enhance growth and development of the country.
- **Tanzania Petroleum Development Corporation (TPDC).** TPDC is the Tanzanian national oil company, which has the following objectives: (i) developing petroleum sector and participating in petroleum production and business of exploration, production, refining, storage, allocation and distribution of petroleum products; (ii) exploration of petroleum resources; (iii) acquisition of shares with petroleum exploration companies; and (iv) overseeing corporate activities. It is important to

mention that the TPDC is also a signatory to all production sharing agreements (PSAs) entered into in Tanzania.

- **Vice President's Office (VPO), Environment Division**, which is responsible for the overall environmental policy and regulation, formulation, coordination and monitoring of environment policy implementation in the country.
- **National Environmental and Management Council (NEMC)**, in charge of general supervision and coordination over all matters related to environment management. NEMC's functions include, among other mandates, (i) to enforce and ensure compliance of the national environmental quality standards; (ii) review of Environmental Impact Statements (EIS); and (iii) conduct environmental monitoring and auditing of projects and facilities.
- **The Ministry of Labour Youth and Employment Development (MLoEYD)**, which in the mainland has overall responsibility for labour inspection.
- **Occupational Safety and Health Agency (OSHA)**. OSHA's key roles include (i) reviewing legislation; (ii) issuing or approving regulations, codes of practice; (iii) providing specific measures to prevent accidents and injuries at workplaces; and (iv) ensure consistency of regulations.
- **The Ministry of Lands Housing Water and Energy – Zanzibar (MLHWE)**, whose main objective is to meet the energy needs of the Zanzibar population for social and economic development in an environmentally sustainable manner.

Another emerging main actor in the petroleum sector includes the President's Office Planning Commission (POPC). The Draft Natural Gas Bill (2015) states that an independent Technical Unit shall be established within POPC for purposes of advising and coordinating all matters relating to natural gas.

## 2.3 Regulatory framework

The legal and fiscal framework governing exploration and production of the oil and gas is set out in the Model Production Sharing Agreement (MPSA), guided by the Petroleum (Exploration and Development) Act of 1980. Some of the key features of the law are:

- All petroleum resources in the country belong to state;
- Petroleum Exploration and Production Licenses are issued by MEM;
- TPDC has the government mandate, through MEM, to promote petroleum resources exploration and production on behalf of the government; and
- TPDC is custodian of all exploration and production information in the country.

Other instrumental legal and regulatory documents for managing Tanzania's petroleum resources include the Constitution of Tanzania (1977), the Income Tax Act 2004, Environmental Act 2004, and the National Energy Policy 2003.

In the wake of the significant gas discoveries made, the government of Tanzania is involved in an on-going process aimed to review all regulatory documents affecting the sector. These instrumental documents are the National Natural Gas Policy, which was

reviewed and published in 2013; the Draft Natural Gas Bill, which is expected to be completed this year; the National Petroleum Policy of Tanzania, the Local Content Policy of Tanzania for Oil and Gas Industry, and the Oil and Gas Revenue Management Policy, are other pieces of regulation that are also expected to be completed before the end of the year. According to sources at MEM, the preparation of Natural Gas Master Plan is in progress as well. Considering that these legal and regulatory documents are critical to determine how the petroleum sector will be managed, the result of this reviewing process will have major implications for the sector, in particular affecting major international investment decisions.

## **2.4 The Norwegian support to Tanzanian Petroleum sector – looking back**

The Norwegian support to Tanzania in the petroleum sector has a long history. Thus, the government of the Nordic country began to assist Tanzania's energy sector through NORAD in 1975, under the TAN051 funding system which was carried out in three phases namely, 1975-1982, 1983-1987 and 1988-1996. The support constituted both technical and financial assistance, and covered areas which included:

- Appraisal of the Songo Songo gas field;
- Songo Songo gas-to-electricity consultancy project;
- Evaluation of the petroleum potential of Tanzania sedimentary basins;
- Exploration and promotion of the basins, seismic re-processing (Songo-Songo field re-evaluation);
- Seismic acquisition and drilling operations, tape transcription and re-for-matting (1/2 inch and 1 inch tape spools into IBM 3480 cartridges); and
- Setting up TPDC archives as well as commissioning a tape data bank in 1993.

Between 1975 and 2012, when the OfD Programme was introduced to Tanzania, the financial and technical funding was limited to data management for TPDC only. Following major gas discoveries between 2004 and 2010, the Norwegian government has expanded the scope of technical support to include all aspects of effective resource governance. Through the OfD Programme, the Norwegian government is helping Tanzania to build the capacities needed to manage its natural petroleum resource in an economically, socially, and environmentally sustainable manner. Thus, the strategic objective of the OfD Programme is to boost the country's efforts to develop and maintain its petroleum data management system and at the same time assist Tanzania to build capacities in six other thematic areas: i) petroleum policy; ii) legal, regulatory and institutional framework; iii) resource management, iv) environmental management, v) HSE and security, and vi) HR strategy. Details of the progress of implementing for each of these thematic groups are provided in Section 2.7

In parallel with the Norwegian support to the energy sector, Norway has assisted in the development of natural resource management in Tanzania since the 1970s. The assistance has mainly been channelled through the Ministry of Natural Resources and

Tourism (MNRT) and amounted for the period 1994 to 2006 to around NOK 300 million. Substantial support has also been provided to academic co-operation within the fields of forestry, wildlife and fisheries management. This long term support has made an indirect contribution through education and the creation of baseline competence in the scientific and management communities on natural resources, although with little direct relevance to the upstream petroleum sector.

## 2.5 Objectives of the OfD Programme in Tanzania

By the nature of oil and gas industry, anticipated revenue from the industry is a short-lived phenomenon that needs to be effectively captured and managed by specialized fiscal regime and revenue management systems. This is to ensure that revenues realized are used to raise and sustain standards of living of Tanzanians

In order to achieve this goal, the Government of the United Republic of Tanzania and the Norwegian Ministry of Foreign Affairs entered the Programme Agreement regarding the implementation of the Oil for Development Programme in Tanzania. The Agreement was signed by the Ministry of Finance and the Royal Norwegian Embassy (RNE). The Institutional Cooperation Contract between the Tanzanian Ministry of Energy and Minerals and Norwegian Ministry of Petroleum and Energy entered into force on 13th February 2013. The contract sets forth the terms and conditions of the parties' within the OfD Programme.

The goal of all Norwegian development assistance is to reduce poverty. The overall goal of OfD Programme is economically, environmentally and socially responsible management of petroleum resources which safeguards the need for future generations. The sub-objectives can be specified as:

- a) Policy makers set goals, define and assign responsibilities;
- b) The authorities regulating the petroleum sector has the capacity to carry out their assigned responsibilities; and
- c) Policy makers and regulatory authorities are held accountable for their management of the petroleum sector.

Furthermore, the following seven expected outcomes are envisaged:

1. Petroleum policy document approved providing the government and the industry a framework and predictability for management of the petroleum sub-sector.
2. Legal, regulatory and institutional framework for the resource and environmental management improved providing the government and industry a framework and predictability for management of the petroleum sub-sector.
3. Knowledge, institutional competencies and regulatory capacities for the resource management of the upstream petroleum sub-sector strengthened.
4. Knowledge, institutional competencies and regulatory capacities for the environmental management of the upstream petroleum sub-sector strengthened.

5. Procedures established and institutional competencies and capacities strengthened for management of Health, Safety, and Working Environment and Security issues in the upstream petroleum sub-sector.
6. Data management systems and procedures developed that gives the government a tool to manage and communicate with stakeholders within the petroleum sub-sector.
7. Human resources developed to enable increased local content and government institutions attain competent personnel.

## 2.6 Structure of the Programme and main actors involved

The OfD Programme in Tanzania is formed by seven thematic working groups, comprising in total 26 members. Each thematic group has its own Terms of Reference. However, it was decided at the 2<sup>nd</sup> Programme Coordination Committee (PCC) meeting on September 2<sup>nd</sup>, 2014 that two thematic groups cease to exist, namely:

- Environmental Management, with coordination left to single point of contact at NEMC;
- HR Strategy, Capacity Building and Training, with coordination left to Resident Programme Coordinator (RPC).

The remaining five existing thematic groups are:

- Petroleum Policy, which will cease its activities once the petroleum policy document is submitted to the Parliament.
- Legal Framework, which is led by the Legal Strategy Group (LSG).
- Resource Management, involving both MEM and TPDC, with coordination left to single point of contact at MEM.
- Data Management, coordinated by MEM.
- HSE Management, coordinated by OSHA.

The work of the different thematic groups is supervised by the Programme Coordination Committee (PCC) which in turn reports to the Annual General Meeting. The key roles of thematic group leaders are to oversee thematic activity plan and budget, develop scope of work for each activity.

As the entity responsible for disbursing funds, the RNE is de facto responsible for overseeing MEM's programme implementation. It is interesting to note that the PCC is composed of 22 members, which include, among others:

From the Tanzanian side,

- Ministry Energy and Petroleum;
- Tanzania Petroleum Company;
- Vice President Office;
- National Environment Management Council;
- Ministry of Labour and Employment;
- Occupational Safety and health Agency;

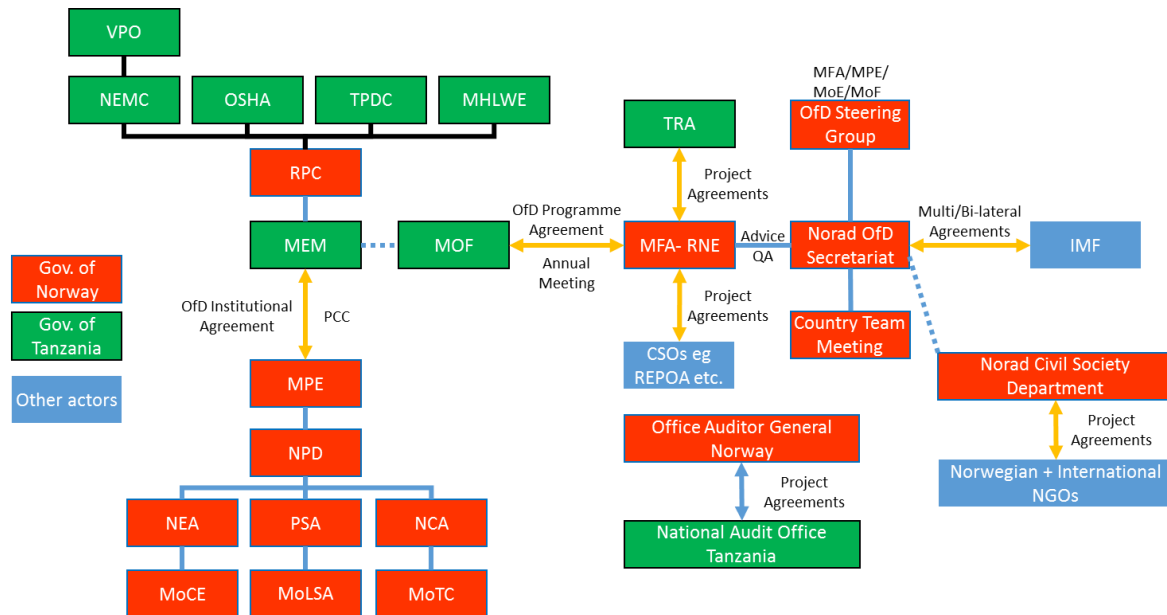
- Ministry of Lands Housing Water and Energy – Zanzibar.

From the Norwegian side,

- Ministry of Petroleum and Energy;
- Ministry of Environment;
- Norwegian Environment Agency;
- Petroleum Safety Authority;
- Norwegian Petroleum Directorate.

Figure 2 below describes the organizational relationships between the different actors involved in the Programme.

**Figure 2: Structure of the OfD Programme in Tanzania**



## 2.7 Activities carried out– reporting review

Following the analysis of the documents and reports of the Programme (mainly, the Annual Report 2014, the Programme Document, the Revised Activity Plan for 2015, and the Financial Statement 2014), Table 1 presents the List of Activities implemented in the period 2013-14. The first column provides the reference assigned to each activity in the OfD documents. The second column provides a description of the activity itself, while the last two columns provide information about the status of the activity, whereas is Completed, In Progress or Not Complete, and their timeline. The third column (MTR Code) has been added by the consulting team in an attempt to distinguish between what we have defined as Inception Activities, or INC, and Implementation Activities, or IMP. Inception Activities is a term used to describe what clearly are preparatory activities, aimed to “prepare the terrain” for other activities or to have a better understanding of the environment, both regulatory and organizational, where OfD Tanzania will operate. Implementation Activities

are directly oriented towards the achievement of the goals of the Programme. A good understanding of the line separating Inception from Implementation activities is quite important to understand the reality of the Programme, as it will be discussed in more detail in Section 3.2.1 – Design issues affecting the performance of the Programme.

**Table 1: Activities of the OfD Programme in Tanzania 2013-14**

Ref. Programme Description	Description of Activity	MTR Code	Status (Work in Progress)	Timeline (due by)		
				On Time	Delay Risk	Late on plan
<b>Petroleum Policy (2.1)</b>						
4.1.1	Conduct PPC workshops : identification of issues, needs and problems	IMP1	Almost Completed	2013/2014		
4.1.2	Establishment of policy guiding principles, goals, objectives, strategies and actions					
4.1.3	PPC workshop - Develop Draft petroleum Policy					
4.1.4	Develop First Draft Petroleum Policy					
4.1.5	PPC visit Norway for a study tour					
4.1.6	Consultation with second tier stakeholders on the 1st draft PP					
4.7.1 <sup>1</sup>	PPC prepare a final draft Policy Document					
<b>Legal, Regulatory, Institutional Framework (2.2)</b>						
4.2.1	Formulation of Legal Strategy Group	INC1	Completed	2013		
4.2.1.1	Strategy group workshop	INC2	Completed	2014		
4.2.1.2	Recruitment of consultancy	INC3	Completed	2014		
4.2.1.3	Establish baseline for regulatory framework and a plan for operationalizing the framework	INC4	Completed	2014		
4.2.1.4	Review of current petroleum upstream law and other related laws	INC5	Completed	2014		
4.2.2	Update the current petroleum upstream law and other related laws to reflect the petroleum policy	IMP2	In progress	May 2015		
4.2.3, 4.2.4, 4.2.5	Stakeholder Consultation, inception report, draft report and draft final report	INC6	Not completed	April 2015		
4.2.6	Review and streamline MPSA 2013 to separate regulation and commercial issues	INC7	In progress	May 2015		
4.2.7	Draft petroleum sector regulations including Environment and HSE	IMP3	Not completed	December 2015		

<sup>1</sup> Typographic error in the original Annual Report as this is in activity plan as 4.1.7

Ref. Programme Description	Description of Activity	MTR Code	Status (Work in Progress)	Timeline (due by)
<b>Resource Management (2.3)</b>				
4.3.1	Develop baseline for resource management	INC8	In progress	2014
4.3.2	Prepare ToR (OJT) for capacity building	INC9	Not completed	2014
4.3.3	Conduct OJT in prioritized areas of resource management	IMP4 (T)	Not completed	December 2015
<b>Environmental Management (2.4)</b>				
4.4.1.1	Study tour 1 week: NEMC, TPDC, MNRT, Sumatra, Fisheries	IMP5 (T)	Completed	2013
4.4.1.2	Environment group implementation review and planning meetings	INC10	Completed	2013/2014/2015
4.4.2.1	Joint preparatory seminar with HSE group in Tanzania	INC11	Completed	2014
4.4.2.2	Develop training programme	INC12	In progress	No due date? <sup>2</sup>
4.4.2.3	Joint inspection and follow up training	IMP6 (T)	Not completed	2014
4.4.3.1	Conduct Joint workshop on EIA review	IMP7 (T)	Completed	2014
4.4.3.2	Prioritised follow up training and guideline review	IMP8 (T)	Not completed	No due date?
4.4.4.1	Identify required standards and guidelines	IMP9 (T)	Not completed	No due date?
4.4.4.2	Develop standard and guidelines and submit for approval	IMP10	Not completed	May 2015
4.4.5.1	Participation by relevant Tanzanian institutions in Regional Oil Spill Contingency Seminar	IMP11 (T)	Completed	No due date?
4.4.5.2	Table-top exercise based on national oil spill response plan	IMP12 (T)	Completed	No due date?
4.4.5.3	Training on Environmental assessment during Oil Spill Pollution	IMP13 (T)	In progress	January 2015
4.4.5.4	Finalize draft policy on use of dispersant	IMP14	Not completed	No due date?
<b>HSE and Security (2.5)</b>				
4.5.1	Workshop in Norway with HSE personnel from OSHA and TPDC in order to establish basic working understanding working with HSE	INC13	Not completed <sup>3</sup>	No due date?
4.5.2	Conduct workshop in Tanzania regarding risk assessment and working environment	IMP15 (T)	Not completed <sup>4</sup>	No due date?
4.5.3	Joint Audit Methodology Seminar	IMP16 (T)	Completed	2014

<sup>2</sup> There are a number of such activities that are noted as "In progress" or "Not completed" by the RPC, however there is no start or end date in the activity plan so not possible to ascertain whether on time, delayed or even has budget

<sup>3</sup> According to the information provided by the PSA in June 2015, this activity was completed in October 2012. However, none of the Programme report provides this information.

<sup>4</sup> According to the information provided by the PSA in June 2015, this activity was completed in February 2013, in Bagamoyo with 25 participants from Tanzania. However, none of the Programme report provides this information.



Ref. Programme Description	Description of Activity	MTR Code	Status (Work in Progress)	Timeline (due by)
4.5.4	Perform Audit towards Songo Songo	IMP17	Completed	2014
4.5.5	Perform Audit towards offshore	IMP18	Not completed	March 2015
4.5.6	Regional seminar on oil spill contingency	IMP19 (T)	Completed	2013
4.5.7	Regional Contingency Planning WSH	IMP20	Completed	2013
4.5.8	Review OHS Regulations and guidelines on Oil and Gas under OHS Act	INC14	Not completed	October 2015
4.5.9	Review Safety Regulation to manage major accidents risk under OHS Act/Petroleum Act	INC15	Not completed	October 2015
4.5.10	Safety Top Management Meeting in Norway	IMP21	Not completed <sup>5</sup>	No due date?
4.5.11	Safety Top Management Meeting in TZ	IMP22	Not completed	2014
4.5.13	Ongoing HSE support incl. work group activities	IMP23	In progress	December 2015
<b>Data Management (2.6)</b>				
4.6.1.1	Establishing ownership, coordination and data sharing between authorities including a GIS solution	INC16	In progress	March 2014
4.6.2.1	Training of data work group	IMP24 (T)	In progress	March 2015
4.6.2.2	Development of an Exploration Inventory database to store information not covered by the Seismic Inventory database	INC17	Not completed	March 2015
4.6.2.3	Develop and maintain Upstream Petroleum Data Management (UPDM) system	IMP25	Not completed	March 2015
4.6.2.4	Develop core store index as part of the Exploration Inventory database	IMP26	Not completed	No due date?
4.6.2.5	Develop a GIS system to visualize the E&P data to be shared by other authorities	IMP27	Not completed	No due date?
4.6.2.6	Assessment report to identify IT needs, hardware, infrastructure, software and capacity	INC17	Completed	2014
4.6.2.7	Procurement of hardware and software	IMP28	In progress	June 2014
4.6.2.8	Combined study tour and workshop in Norway	IMP29 (T)	Not completed	No due date?
4.6.3.1	Carry out assessment of existing IT-infrastructure, software and human resources	INC18	In progress	No due date?
4.6.3.2	Map and evaluate existing data sets	INC19	In progress	No due date?
4.6.3.3	Train staff (database administration and GIS)	IMP30 (T)	Not completed	No due date?
4.6.3.4	Acquire software and hardware	IMP31	Not completed	April 2015
4.6.3.5	Develop system for dissemination of data (GIS Portal)	IMP32	Not completed	April 2015
4.6.4.1	Development of HSE Data Management system	IMP33	Not completed	March 2015

<sup>5</sup> According to the information provided by the PSA in June 2015, this activity will be completed in August 2015.

Ref. Programme Description	Description of Activity	MTR Code	Status (Work in Progress)	Timeline (due by)
<b>HR Strategy (2.7)</b>				
4.7.1	Conduct Technical Needs Assessment (TNA)	INC20	Completed	2013
4.7.2	Input to the Analysis of the needs for petroleum related education in Tanzania	INC21	Completed	2013
4.7.3	Review the 3 most prioritized critical competence need	INC22	Completed	2013
4.7.4	HSE and Environmental Audit Training	IMP34 (T)	In progress	No due date?
4.7.5	Conduct 1-week "Basic Petroleum Knowledge - The Upstream Value Chain"	IMP35 (T)	Completed	January 2014
4.7.6	Training on policy strategy and implementation	IMP36 (T)	Not completed	No due date?
4.7.7	Conduct 8-weeks "Petroleum management programme" in Stavanger	IMP37 (T)	Completed	October/November 2015 <sup>6</sup>

According to the documents reviewed and the information received during and after the fieldwork, the progress made by the OfD Programme can be summarized as follows:

### **Petroleum policy (2.1)**

The objective of this thematic group is creating an efficient state administration of the upstream petroleum sector, capable of planning, promoting and monitoring petroleum company investments in petroleum exploration and production, and managing state interests and revenues in a sustainable way to the benefit of the economy and people of Tanzania.

**Status:** MEM is the coordinator of this thematic group. It can be said that this is one of the thematic group where most significant progress have been made when compared to the other six thematic groups. Progress can be summarized in the following bullet points:

- Consultations with relevant stakeholders, including workshops with 48 representatives from 18 public agencies, for providing inputs to the draft petroleum policy have been completed during this phase. A second tier of consultation was carried out with the participation of 36 stakeholders. This would show the high level of interest around the petroleum sector.
- The first draft of the Petroleum Policy Petroleum was completed and posted in MEM and TPDC websites. In order to make the process as inclusive as possible, a consultations workshop with oil exploration and marketing companies was held in June 2014.
- The final policy document is being actually drafted, and during the fieldwork it was mentioned that could be ready before the end of 2015.

<sup>6</sup> Work plan indicated two events – in October/November of 2014 and 2015 – but marked as complete so not clear if that is the 2014 complete and there will be no course in 2015 or that the 2015 course has been run already or that it still has to be conducted later in 2015.

## **Legal, regulatory and institutional framework (2.2)**

The objective of this thematic group is improving resource and environmental management, providing the government and the industry a framework and predictability for management of the petroleum sub-sector.

**Status:** This thematic group is also coordinated by MEM. The implementation of activities show a good level of progress. Despite the fact that some of them have not started yet or are still in progress, the impact achieved by this thematic group can be defined potentially as very positive. This is because of the role that the Legal Strategy Group (LSG), which is comprised of members from MEM, MLHWE-Zanzibar, VPO (Environment), MoLE, MoF, MoT, MNRT, TPDC and Attorney General, can play to create positive change in the sector, and in particular in the regulatory framework governing petroleum activity. Some of the important milestones achieved so far are:

- The TOR for the LSG were drafted and, after the formal establishment of the group, an initial workshop was held to explore and recommend areas of amendment to the Petroleum Act so to achieve a higher level of alignment with new development and changes in the industry.
- Collection of baseline information on the existing relevant laws and previous studies completed, including relevant international standards. This activity included the development of a working plan for introducing legal reforms in the regulatory framework.
- The review of the current petroleum upstream law so to get a better level of alignment with the petroleum policy is still work in progress. Consequently, the consultation processes around this activity (4.2.3, 4.2.4 and 4.2.5) have not been initiated yet.

Within this area, the main activity that has yet to be implemented is the review and streamline MPSA 2013, so to separate regulations issues and commercial terms.

## **Resource management (2.3)**

The objective of this thematic group is to strengthen knowledge, institutional competencies and regulatory capacities for resource management of the upstream petroleum sub-sector.

**Status:** The thematic group involves both MEM and TPDC, but coordination is left to single point of contact at MEM. The implementation of activities under this thematic group has stalled and faces serious challenges. An excerpt from the Annual Report 2014 provides a terse summary of the current status:

*“In 2014, meetings have been conducted between MEM, TPDC and NPD in order to prioritize and define projects within the thematic area Resource Management. Due to lack of response from TPDC, none of the projects have been initiated in 2014.”<sup>7</sup>*

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<sup>7</sup> OfD Annual Report 2014, page 14

### **Environmental management (2.4)**

The objective of this thematic group is to strengthen knowledge, institutional competencies and regulatory capacities for environmental management of the upstream petroleum sub-sector.

**Status:** Activities so far within the environment theme have mainly focused on Environmental Impact Assessment, Oil Spill response and Environmental Data management. A number of issues were observed during the fieldwork in relation to this thematic area:

- Most of the knowledge and skills gained during these workshops will be used when staff actually go into the field for Environmental Inspection and Monitoring of Oil and Gas activities. However, none of these activities have been conducted and monitoring and Environmental Impact Assessment (EIA) guidelines for Oil and Gas activities are still being developed. More importantly, the planned development and implementation of a training programme and off-shore inspection has been postponed until 2015. This is a cause of serious concern for the staff participating in these courses. Manuals are contained in NEMC's scope of work, but activities remain to be implemented when funds are made available.
- The capacity to undertake offshore compliance monitoring can be defined as work in progress – while the joint preparatory seminar with HSE group in Tanzania has been adequately implemented, the work on the training program is still in progress. As a result, the joint inspection and follow-up training has not taken place.
- A similar situation can be observed in the case of the activities to strengthen the capacity of NEMC and other agencies to carry out Environmental Impact Assessments (EIA) of the Oil and Gas Sector – preparatory workshops have been held in Tanzania, but follow-up training and guideline review is still not developed.
- The environmental standards and guidelines for O&G E&P have not been developed yet, due to lack of funds, according to the OfD 2014 Annual Report.
- In relation to the operationalization of the National Oil Spill Response Contingency Plan, the training on Environmental Assessment during oil spill pollution is still in progress, while the draft policy on use of dispersant has not been initiated yet.

### **Data management (2.5)**

The objective of this thematic group is to develop data management systems and procedures that give the government a tool to manage and communicate with stakeholders within the petroleum sub-sector.

**Status:** The thematic group is coordinated by TPDC. Two workshops for building capacities of data management modelling were implemented as planned. However, an important number of activities within this group have not been initiated yet. These are:

- Workshop in Tanzania, regarding risk assessment and working environment and
- Conduct a technical needs assessment.

### **HSE and Security (2.6)**

The objective of this thematic group is to establish procedures, strengthen institutional competencies and capacities for management of Health, Safety, Working Environment and Security issues in the upstream petroleum sub-sector

**Status:** The thematic group is coordinated by Occupational Safety and Health Agency (OSHA). All the activities in this group remain undone except for the training workshop on HSE data management. However, a number of observations were noted during the field:

- Considering that OSHA is an important stakeholder in the gas industry, the training has helped OSHA to obtain a general understanding of the role of OSHA in regulating petroleum sector. Prior to the OfD Programme, these duties were under TPDC. Therefore, one of the advantages the Programme has brought is the transfer of these roles from TPDC to OSHA (the agency with the legal mandate to carry out the duties).
- At policy level, MEM changed some things to allow OSHA to be able to exercise its regulatory duties in the petroleum sector
- Before the Programme it was challenging to connect with Norwegian counterparts, but the Programme helped to facilitate interactions.
- Attachment of staff to counterparty institutions far more important and can help build institutional capacities of OSHA than study tours and training workshops.
- Lack of flexibility in the re-allocation of budget to funds activities which are useful to OSHA but were not included in the design of the Programme.

### **HR strategy (2.7)**

The objective of this thematic group is develop local content and government institutions attain competent personnel.

**Status:** As mentioned earlier, this thematic group was ceased in September 2014. The coordination is now left to the Resident Programme Coordinator (RPC). Two short courses for imparting staff on petroleum value chain (one in Dar es Salaam and one in Stavanger) were conducted as planned.

An important observation for activities in this thematic group is that the Training Needs Assessment (TNA) was carried out 18 months after commencing implementation of the Programme, as opposed to commissioning the TNA before implementation starts to establish TNA baseline. This has presented challenges, further details are provided in Section 3.

### ***Key messages***

More than a third of the activities originally planned by OfD for this phase of the Programme can be defined as Inception Activities, in the sense that their main purpose is to assess and prepare the terrain for the subsequent development of Implementation Activities that may directly contribute to achieve the objectives of the Programme. Not surprisingly, the rate of completion of these Inception Activities is higher than that of the defined as Implementation Activities. The significant finding in this regard is that had the Programme had a clearly defined Inception Phase (design flaw) then the expectations with regard to outcomes may well have been incremental and measured less against outcomes of capacity building per se but more against readiness to deliver capacity building over the longer term. Notwithstanding these findings, the factors affecting performance are dealt with more comprehensively later in Section 4.

Among those activities completed, it is possible to mention two connected elements with the potential to become game-changers in relation to the existing attitudes and habits within the petroleum sector. One of them is the process to draft the Petroleum Policy, while the other is the creation of the LSG. What they have in common is not only that they are trying to introduce reforms in a complex sector – what brings them together is the fact is that they are doing it while breaking up with cultural conventions widely accepted in the Tanzanian public sector. Thus, the Petroleum Policy is the result of an ample process of consultation and dialogue involving 48 representatives from 18 public agencies, all of them giving their inputs to the process. The LSG represents a bold attempt to design policy changes where the outcomes of these processes is discussed by all parts involved, in clear contrast with the existing culture, where the privilege of participating in such processes is in a few hands. As it will be discussed in subsequent sections, the reform of the political culture in petroleum sector is, potentially, one of the most important legacies of the OfD Programme.

### 3 Factors affecting the performance of the Programme

Having explored the situation of the petroleum sector in Tanzania, as well as reviewed the main activities carried out by the OfD Programme in the country, this section explores the factors affecting the performance of the project, as identified during the fieldwork. The findings centre on five key areas, namely the design and structure of the OfD programme, the issue of the Logic Framework/Theory of Change, the frustration/lack of commitments experienced by stakeholders and the issue of Zanzibar's inclusion in the OfD programme.

#### 3.1 Methodological approach

During the preliminary consultations with the Norwegian counterparts in preparation of the Inception Report (see Annex B for a complete list of interviews and meetings held during this assignment), a number of hypothesis were highlighted as critical to the situation that the OfD Programme, namely:

- (1) The weak design in the preparation of the Programme, with the large size of the Program as a key factor. Its objectives were also defined as “too optimistic” or “over-ambitious”.
- (2) The overly complex and confusing structure of the Programme, where the large number of actors involved would slow down the decision making processes and the normal implementation of activities.
- (3) The lack of a Logical Framework and Theory of Change and no baseline for M&E. From an overall perspective, the lack of LF meant there was no framework for M&E. It was also mentioned that the lack of a ToC increased the lack of clarity about the critical path of the Programme and potential alternatives to follow.
- (4) The perception of a low level of commitment to the Programme by some of the Tanzanian counterparts.
- (5) The apparent ‘unofficial’ exclusion of Zanzibar from the Programme, as if the internal political tensions in Tanzania were been replicated within the Programme.

These hypothesis were tested (or triangulated) during the fieldwork and the findings outlined below. Suffice to say, that some of the hypotheses were confirmed whilst others were exposed to be more complex than initially thought and dealt with in more detail. This was especially important where it became apparent that the hypotheses was based on perceptions where it was critical to elucidate the underlying causes of the ‘symptoms’ that lead to the hypotheses in the first place. In order to avoid any kind of bias, a second round of triangulation was carried out once the fieldwork was completed. This new triangulation process was remotely carried out with Norwegian stakeholders. During the interviews with them, the OPM team presented the findings obtained during the fieldwork so the interviewees not only could validate them but also to provide critical comments on them.

## 3.2 Analysis of factors affecting the performance of OfD

### 3.2.1 Design

**Original Hypothesis:** The overarching issue raised during the preparation of the Inception Report was that the OfD Programme design was over ambitious. Various reasons were offered for this design flaw, including the lack of focus of the Programme in terms of the wide range of proposed activities and thematic areas that did not readily speak to the overall direction of the OfD. A number of the Norwegian stakeholders consulted felt that the OfD had been hastily designed and consequently was underprepared for the arduous execution and subsequent effort required to implement the Programme in the Tanzanian environment. This was exacerbated by the wide range of unfocused activities, which in turn is believed to have caused severe coordination challenges.

**Findings during the fieldwork:** From a design perspective, the RNE indicated that an Inception Phase was originally recommended in the appraisal conducted by the “Scanteam”<sup>8</sup>. However, the final design excluded such possibility as is evident after the review of the OfD Programme documents. It is important to understand the background to this issues being raised. In any programme of this nature, there is usually an Inception Phase during which various weaknesses and/or ‘gaps’ are identified that could be addressed by the activities of the Programme which are used to inform the work plan. Following the information obtained during the fieldwork, the absence of an Inception Phase seems to point to the internal lack of cohesion of the OfD Programme, the inconsistent coordination of the Programme and the general unawareness of the challenges being experienced by the various counterparts.

In this regard, some of the stakeholders consulted during the fieldwork claimed that the first 18 months of the project were a *de facto* Inception Phase. However the evidence does not support this claim as the Programme was output-driven rather than preparation-driven – both annual reports make numerous reference to lack of progress and activities not carried out which would not be the expectation had this be an inception phase. The 2014 Annual Report states that activities 4.2.2/3/4/5/6 (key outputs, including reviewing, updating and drafting of components of the regulatory framework) are all “Not yet done.”, yet the report goes on to state that preparations to complete the works have been carried out - “The activities conducted in 2014 is a start on the process aiming to meet the expected outcome. The (consultant’s) Inception Report includes a description of proposed activities and time plan to a final report according to the scope of work”.

These contradictions are examples of how the “*de facto* inception phase” explanation is in reality a *post facto* acknowledgement that the status of the Programme reflects what one would expect from an inception phase. This outcome supports the “over ambitious” assertions but also as will be discussed later suggest the Programme is well positioned to enter an execution phase. This a classic ‘chicken and egg’ situation – had the Programme

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<sup>8</sup> This resulted in the final wording of the Cooperation Agreement reflecting the prescript “A refined Programme Document and Logframe shall be submitted for approval six weeks before the first Annual Meeting (2013), based on institutional needs assessments that have been carried out.” Which was subsequently ignored by approval of a diversion from the prescript at the first Annual Meeting.



been better designed with the Inception Phase, then it would not be perceived as “over ambitious” as the deliverables would have been focused on positioning the Programme to deliver rather than expecting the Programme to deliver. However consultations with the RNE in Dar es Salaam point to an “acute...need” to expedite the implementation of the OfD Programme with final planning carried out “in parallel with initial implementation” which ultimately resulted in the OfD Tanzania lacking a formal Inception Phase in the interests of expediency.

Another factor that exacerbated the impact of the ‘missing’ formal Inception Phase relates to the finding that the absence of an integrated management tool that outlined clear measurable ‘SMART’ objectives (Specific, Measurable, Achievable, Realistic and Timely) meant that there was no formal mechanism to measure success and identify deficiencies that could then be acted upon. Most of the reporting to date has been about activities and not about outputs – a glaring exposure of the lack of an integrated management tool incorporating an adequate M&E system. This observation is not surprising however, as the lack of an integrated management tool is also critical for the day-to-day management of the Programme, not just for the initial design. As a result, the reporting on the operational aspects of the OfD Programme (ie. activity or input focused) reflects the shortcomings of not having an integrated management tool to link the inputs to the outputs, enabling more decisive and performance based reporting – this is discussed in more detail in 4.4 below.

Two specific aspects of the design of the OfD in Tanzania deserve a special mention as they compounded the implementation challenges built into the design, namely the delay in the conducting and reporting on the training needs assessment (TNA) and the suboptimal risk assessment conducted. From the consultations with the RPC it is evident that risks were ‘managed’ in an ad hoc manner with vague ‘risks’ identified, with no identifiable risk management tool to provide a framework for risk mitigation and pre-emptive actions and risk realisation plan. In addition the 2nd PCC MoM states that the “MEM is very keen to insure that prompt mitigation measures are taken to avoid any contextual issues that may pose a risk to the implementation of the Programme” however in the absence of a Logframe and Theory of Change, there is no obvious framework for achieving this. Consequently it is unclear how the mitigation measures would be transparently and ‘logically’ implemented – such shortcomings also relate to the lack of a Logical Framework and Theory of Change discussed further under 4.4 below.

As mentioned a few times by respondents, the most significant issue about the TNA was the fact that the Programme is meant to develop capacity but the analysis of the capacity gaps to inform the training was only delivered 18 months into the project. In other words, this deliverable that could be expected to be the output of a formal Inception Phase. The delayed TNA is a primary piece of evidence pointing to the hasty implementation of the OfD Programme – however it would have been a quintessential element of an inception phase had there been one and it would likely not have been perceived as delayed.

It should be pointed out however that with regard to the design flaws found, this does not mean that design was the only impeding factor as the level of commitment and perceptions of lack of ownership of the Programme are addressed in Section 3.2.4 and this was reiterated on numerous occasions by the Norad and RNE representatives who pointed out

that whilst the design and structural flaws (Section 3.2.2) and lack of management tool (Section 3.2.3) are acknowledged, their remediation “will not be a panacea for the challenges” facing the Programme to date.

### 3.2.2 Structure

**Original Hypothesis:** During the preparation for the country mission to consult with the various stakeholders, Norwegian counterparts expressed concern that the OfD Programme in Tanzania was severely hampered by an overly complex decision-making framework of the OfD Programme, that results in slow decision-making that is often unresponsive to the implementation dynamics in country.

**Findings during the fieldwork:** Whenever the OPM team met with stakeholders, there was without exception agreement or acknowledgement that the OfD Programme decision-making was complex and over-bureaucratic as outlined previously. The primary decision making mechanism was the agreement on the Programme activities and budgets at the annual meetings. However, operational flexibility required in a programme such as the OfD was severely constrained by the lengthy turn around in decision-making between requests for urgent support from the RPC at the MEM and the approval the support of the NPD in Oslo. The key finding in this regard was that the RNE is de facto accountable for the oversight of the OfD implementation in concert with the Ministry of Finance (Tanzania)<sup>9</sup> hence it attends the annual meetings where the MEM should be held accountable for the implementation, however the operational decision making occurs outside of the RNE at the NPD and NORAD – according to the RPC, the role, with regard to the decision making process, is to “assist the Programme manager in NPD and the project manager in MPM (sic) in the implementation of the Programme and preparation of documents in this respect that are required in the decision-making processes”.<sup>10</sup> Consequently the RNE is expected to have oversight of key elements of the OfD for which it has a limited ‘formal sight’ of as the RPC sits at the MEM – a seemingly incongruous state of affairs.

This is exacerbated by the fact that the Resident Programme Coordinator (RPC) reports into the NPD in Oslo when it might have been more efficient for the RPC to report into the RNE to formalise the reporting to the RNE as the communication and coordination is currently less than optimal. The RPC has a critical role to “Support the Tanzanian and Norwegian Programme Managers in implementing the Programme” and yet the description of the role of the RPC in the annex to the 1st Programme Coordination Committee Meeting held in Bagamoya (sic) 17th –18th October 2013 is a glaring shortcoming as it makes no mention of any formal relationship or reporting to the RNE, with the concurrence of the MOF (Tanzania), who, as explained before, are ultimately accountable for to the Norwegian Storting (parliament) for the disbursement of the funds of the OfD Programme.

This finding has another point of view that was expressed by some Norwegian stakeholders during the consultations, namely that the RNE is not equipped to manage the

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<sup>9</sup> Figure 2 Structure of the OfD Programme in Tanzania

<sup>10</sup> From Page 1 of RPC’s notes “Information requested from OPM to evaluate the performance of the OfD program” dated 10/04/2015. The MPM is presumed to be MEM.

OfD Programme and does not have dedicated staff to support the day-to-day operational aspects<sup>11</sup> and therefore having the RPC report to the RNE might make the decision making more straightforward but might not improve the visible leadership of the Programme. This leads to addressing the issue of leadership, which was raised during interviews with both Norwegian and Tanzanian stakeholders. In this regard, the Programme has a Project Manager at the MEM, the RPC, but the Norwegian Programme Manager sits in Oslo and is perceived as being disconnected with the Programme, as there is always a convoluted process to get approval of requests for support or adjustments to the work plan agreed in the Annual Meetings – that is not to say the support is not forthcoming, just it is perceived by Norwegians and Tanzanians actors alike as being difficult to obtain and unclear who is responsible for the decision making, reducing local counterparts faith in the decision making process overall.

### 3.2.3 Lack of a Logical Framework and Theory of Change

**Original Hypothesis:** Upon review of the OfD Programme documents during the preparation of the Inception Report, it was apparent that there was no Logical Framework (LF) nor a Theory of Change (ToC) as core components of an absent integrated management tool which rendered the objective monitoring and evaluation unreliable as there is no baseline from which to measure and make comparison in terms of progress.

**Findings during the fieldwork:** Evidence gathered during the consultations with the RNE indicated that a LF was indeed considered during the concept phase of the OfD Programme. In fact, Article VII of the Cooperation Agreement clearly states that a “Logframe shall be submitted for approval six weeks before the first Annual Meeting”.<sup>12</sup> During the field visit to the RNE, the OPM team was informed that RNE drafted a LF/ToC and proposed this to be further elaborated. This was considered “unhelpful and “overly complex” by Norad, and the cooperating institutions, but was at least partly pursued by making a clearer link between three standard OfD sub-objectives and the planned outputs and activities in the revised PD. Despite the assertions claiming that the LF “was not a panacea for the challenges facing the OfD Programme”, there is as powerful argument for a LF and ToC as they define the objectives to achieve while signalling the way to do it. This matter of the Logframe was discussed in the regular coordination meetings between Norwegian actors. NORAD and Norwegian partner organisations insisted a Logframe would not be useful and only minor revisions of the PD necessary. The revised PD (substantially the same with the goal hierarchy “partially refined” was formally approved at the first annual meeting – in effect ignoring the prescription in the Cooperation Agreement which was in turn informed by the appraisal carried out by the ‘Scanteam’. A LF and ToC should be a key elements of the integrated management tool.

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<sup>11</sup> The role of the RNE is to supervise the management of the OfD programme, provide decision-making and operational support. In general, to act as a backstop for the work of the RPC.

<sup>12</sup> The overarching cooperation agreement clearly states that a Programme Document and LF, based on a needs assessment carried out, must be submitted to the MFA for approval before the first Annual Meeting in 2013 (no evidence has been provided that any approval, as required in the relevant clause, was ever obtained – no evidence of an exemption from Article VII was found either)

The impacts of the lack of LF and ToC have manifested as a weakly coordinated management approach both operational matters and a rigorous and transparent M&E process. The first PCC meeting has a section “2.3 Progress Status of Activities Under Various Thematic Groups” but goes on to discuss activities and outputs but with not context as to whether these are on time, delayed or late<sup>13</sup> – i.e. the minutes represent a statement of status but gives little indication of progress and consequently no commentary as to the causes for delay nor what measures should be taken to improve progress – i.e. no measure of progress as there is no baseline against which to measure as an indicator.

The 2014 Annual meeting report makes frequent references to lack of delivery (activities rescheduled, postponed, requiring more budget etc.) yet provides little insight as to why the delays have manifested beyond apportioning blame in some cases - mechanisms to address changes are a key element of any LF. The 2014 Annual Report also provides no analysis, beyond “additional budget required” as to how this might be addressed going forward. However the glaring statement “Key Indicators (only if the output can’t be verified)” in the 2013 Annual report again exposes the absence of a LF as it would clearly articulate the difference between outputs and indicators and the conflation of the two points to a design performance measurement flaw introduced by discounting the recommendation to use a LF in the design of the OfD Programme.

A most basic indication of the impact of an integrated management tool was the inability of the RPC to quickly provide a database of training events with participants and indicators for measuring the performance of the training component in terms of capacity built to date – hence as mentioned under 4.4, the training was not considered to have built much sustainable capacity. However the establishment of the database alone does not signify monitoring as it requires analysis of the data to determine whether the training has in fact built capacity or not and the lack of impartial indicators to measure capacity building meant it was not possible to analyse whether the training had in fact delivered outputs that promoted the objective of the OfD Programme.

The lack of TOC and LF, combined with the lack of M&E has resulted in weak risk management, as there is no recognisable risk management tool to enable identification of risk, determination of the risk impacts, and a framework for monitoring risk and process for actions to deal with risk being realised. The outcome of this is that both design flaws and structural weaknesses have not been effectively monitored and no measurable actions taken to overcome the outcome of these flaws and weaknesses have had on the implementation of the OfD Programme. For example, the issue of the Inception Phase would have been identified during the risk assessment had it been formalised as

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<sup>13</sup> In the MoM of the PCC from September 2014, the following was recorded: “Within in this thematic area the following two activities have been conducted in accordance to the plan: 1. Training Needs Assessment (TNA) from relevant Tanzanian institutions in upstream petroleum sector (baseline), completed in week 35.” Nowhere in the document (including the scant risk assessment) is there any mention that this has arrived 18 months into the programme nor that this poses a risk to the value and relevance of the training conducted to date. The matter of fact statement implies this is aligned with the works plans and there is nothing untoward in the ‘late’ delivery.

Norwegian counterparts who saw it as a risk could have voiced the opinion. In turn, an anecdotal risk assessment was done with vague and ‘unactionable’ risks being identified.<sup>14</sup>

In this regard, concerning some OfD Programme implementation risks, the RPC addressed a memo to the NPD mandated programme manager, dated 10th October 2014 and to the OfD secretariat as input for discussions and improvements. However it is not clear how this was acted on and who should be accountable for developing an action plan to deal with the realisation of such risks.<sup>15</sup> Yet the main implementation issues remain topical to date and were raised in consultations with Norwegian counterparts, the RNE, MEM and NORAD, which implies that it is unclear amongst them who should be accountable for developing an action plan to tackle the risk and its impacts. Not to mention that, as discussed under 4.2, an integrated management tool should have had a risk management framework that incorporated ‘red flags’ to alert all the stakeholders to the realisation of such a risk and not relied on the ad hoc submission of a memo by the RPC with nor clear indication of how this would be acted upon in the absence of a risk management framework. This anecdotal evidence shows that the RPC did attempt *ad hoc* monitoring of some elements of the Programme is acknowledged. However in the absence of a formal integrated monitoring and evaluation tool, this approach did not get translated into action or accountability.

The only ‘action’ to date that appears to deal with this is the reference in the MoM of the 2nd Annual Meeting by the RNE to “the perceived lack of government commitment in terms of provision of adequate time and in-house resources...(and) it is important that both agreement parties seek to identify areas of improvement.” The same MoM then makes reference to the following “General comments and recommendations on the risk assessment” which again indicate no action plan to address the risk, namely “Sufficient capacity and human resources should be allocated for resource management” and “It is the leadership responsibility to make sure that the implementation of this programme works”. These comments and implied call to action are meaningless with no analysis of the causes of the “perceived” lack of commitment and a clear action plan to deal with the causes to reverse the perceived trend. This matter is raised again in Section 4.5 where the findings point to much more complex causality than alluded to by stating that “Sufficient capacity and human resources should be allocated”.

The lack of a formal Inception Phase and impact of the first 18 months being a *de facto* Inception Phase by another name is repeatedly referenced as a fundamental flaw that

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<sup>14</sup> In the PCC MoM from September 2014, the “Annex 2: Identified Risks that may affect programme objective and key outputs” makes reference to vague risks and even more vague mitigation the risk – eg. Poor communication is a risk and the mitigation action – “Communication between institutions needs to be enhancement.”(sic) with no clear indication of HOW this will be achieved – no mitigation actions!

<sup>15</sup> The RPC mentions in the Memo “I have addressed these both orally and in writing in different context to the following key players in the program:

- Program Manager and the management of MEM
- management of the institutions involved in the program (TPDC, OSHA and NEMC)
- the thematic group leaders in meetings and individually
- input to the PCC meetings, annual meetings and country group meetings
- NPD, NPSA and NEA
- OfD-secretariat
- Royal Norwegian Embassy”

should have been identified had a LF been used during the Programme design. The outputs of the LF would in turn have influenced the metrics for measuring success of implementation in an Inception Phase rather than a full blown Execution Phase which in turn might significantly alter the perception of the status of the project at present. In addition the LF and a Theory of Change (ToC) would have provided a framework for managing risks to avoid the ad hoc 'raising risks' evidenced to date.

Another aspects of the lack of LF relates to the contradiction between roles and functions. The RPC's function, according to the first PCC deliberations, is to prepare documents for Annual Meetings and PCCs and to use the insights gained from this function to advise the chair of the PCC on the Programme implementation. However the role of the RPC has taken on that of a 'negotiator' between the MEM and the NPD around operational issues such as changes to the activity plan – this puts the RPC in the difficult position of defending MEM requests whilst being accountable to the NPD as an NPD appointed office bearer. In the absence of the LF, the RPC role was essentially 'defined by circumstance' and became increasingly integrated into the implementation at the MEM taking on more of a facilitation role than coordination role.<sup>16</sup> With no framework for the role/function of the RPC, the basic administrative functions were 'lost' in the day-to-day coordination of the MEM's participation of the Programme. Consequently, for example, the RPC gets drawn into the crisis negotiations to fast-track support the MEM to draft a law but cannot produce a comprehensive database of attendees to training. One could expect that the function to "assist MEM and PCC in preparing reports and accounts"<sup>17</sup> would include the development and maintenance of various databases detailing outputs as an input to the preparation of reports/accounts but in the absence of a output framework (derived from a LF) there is no way to transparently translate this function into accountable delivery.<sup>18</sup>

### 3.2.4 Low level of commitment and engagement

**Original Hypothesis:** Many Norwegian counterparts interviewed repeated the contention that local counterparts lack of commitment and engagement has impacted negatively on the implementation of the OfD Programme and is a major cause of inconsistent implementation to date. However, beyond this assertion, no reasons were provided to explain this situation. The challenge during the fieldwork was to explore what was obviously is a delicate issue.

**Findings during fieldwork:** Frank and open discussions with local players have helped to shed light on some of the factors behind this situation. Numerous Norwegian stakeholders indicated during the fieldwork is that the fact that Daily Subsistence Allowance (DSA) are not paid to people attending workshops and seminars is a critical issue to explain this situation. While the absence of DSAs is indeed a problem, the findings

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<sup>16</sup> RPC responses to queries regarding the role and function (10042015): "The RPC work as a link between the RNE, MEM and other institutions. The RPC prepares and facilitates meetings and provides the RNE with relevant documentation and invitations to workshops."

<sup>17</sup> "Mandate for Resident Programme Co-ordinator (RPC)" - Annex 3 to the Minutes of Meeting of 1st Program Coordination Committee Meeting held in Bagamoya (sic) 17th –18th October 2013

<sup>18</sup> In short, at this stage the RPC cannot produce an elementary administrative report that analyses the funds spent on training against relevance of who attended against the relevance of the training content so as to produce an analyses of the success of the outcomes from the training against clear and objective indicators.

during fieldwork revealed that it is also a symptom of a broader set of issues including, *inter alia*, perceptions of lack of trust, paternalism, etc. relating to the relationship between the Norwegians stakeholders and their Tanzanian counterparts.

Thus, the analogy of the ‘pre-package’ was used by some of the Tanzanian actors to describe the way Norwegian counterparts’ services are ‘packaged’ for the Tanzanian recipients of the support, suggesting that not enough attention was paid to their needs when designing the content of the courses. Training is perceived as pre-packaged with limited consultation with local counterparts where the content is largely determined by the Norwegian counterparts. As pointed out in 4.4, this was compounded by the “late delivery” of the outputs of the TNA, suggesting there is no independent and objective rationale for some of the training carried out - both in terms of the content and the current capacity of the recipients in Tanzania. This is a critical issue when providing services to entities with varying levels of preparedness.

For example, NEMC and OSHA were both poorly prepared for the oil and gas sector challenges and received much needed basic training and general sector knowledge, whereas TPDC found the same training inadequate and delivered without acknowledgement of the advanced needs of the national oil company. TPDC staff generally have a superior understanding of the oil and gas sector<sup>19</sup> and TPDC believed its staff would receive advanced training – this perceived arrogance regarding the needs of TPDC is exposed in the following extract from the comment to the TNA draft report where meaningful expectations of a “training strategy” to close the gaps were brushed of as “not part of the scope of work”. The question that begs an answer therefore is how was the TNA scope agreed that would not deliver on the expectations of TPDC – it is no wonder that TPDC displayed a disparaging attitude to the TNA process.

Comments from	Report section	Report Issue	Comment	TNA Team response
TPDC	Chapter 4.2.3	The lack of critical competences in TPDC and the reliance of consultants to cover these areas were pointed out.	An outline of strategies that TPDC could follow to close these gaps were requested	The outline of a full training and recruitment strategy has not been a part of the scope of work and will have to be addressed through subsequent projects.

MEM too was subjected to readily available general oil and gas sector training but had to engage in tough negotiations to get support for its petroleum legislation which was eventually approved. Whilst many of these aspects could be argued to be the result of poor design or complicated decision making etc., it was the perception that these outcomes were the result of a patronising approach that did not treat the local counterparts as equals that was most troubling.

Beyond the training, there were additional expectations – especially from those organisations that considered themselves prepared and deserving of deeper capacity building, such as TPDC or MEM, of on the job training at Norwegian entities through

<sup>19</sup> The Programme Document, Annex 2 - Human Resource Strategy: Capacity Building and Training, states “training is prepared based on the need assessment for each unit and directorate and it is done every year” in addition the document approved by all the partners clearly states that the TPDC “staff are well trained”.

attachments/ secondments for sustained periods such as a month or two. This expectation was eloquently summed up by the Tanzanian counterparts who felt there had been “too much training and not enough capacity building”. However once again, the perception that this results from the patronising approach of the Norwegian counterparts to designing training packages and related capacity building was a concern. It was felt that greater consultation with Tanzanian counterparts as equal counterparts would be critical to addressing the perceived lack of commitment and ownership of the OfD Programme.

### 3.2.5 Zanzibar

**Original Hypothesis:** The review of the documents and consultations with Norwegian counterparts during the inception phase of the mid-term review indicate that due to political uncertainty, Zanzibar had limited participation in the OfD Programme.

**Findings during the fieldwork:** The initial hypothesis was that sensitive political issues related to union matters could be behind the low level of participation of Zanzibar counterparts in the Programme. The fieldwork finding is that despite the constraints surrounding “union matters” from a political perspective, inertia within the OfD Secretariat largely due to uncertainty as to how to engage with lack of clarity from the Constitutional review process as it related to Zanzibar’s autonomy. This resulted in the matter being deliberated for a longer period than might have been with more proactive leadership from the RNE, whom it could be reasonably expected would have the most comprehensive understanding of the dynamics regarding the Constitution review process. Zanzibar stakeholders were not enabled to participate at a planning level and no specific scope of work with associated budget for support to Zanzibar was signed off, as support was limited to Zanzibar’s current (as at 2014) and very limited mandate in the petroleum sector. Consultation with Norwegian counterparts suggests that there was a high level debate as to how support should be extended to Zanzibar considering that the overarching Cooperation Agreement makes specific reference in Article II (3) that the “MEM will cooperate with...other relevant Tanzanian institutions on Zanzibar participating in the Programme”.

Despite being present at the first Annual Meeting and being invited by the RPC to most events, there were no formal activities and budget allocated specifically to Zanzibar in the original design of the Programme and the Programme Document and the initial activity plan grouped MEM, TPODC and MLHWE into one line item for activities related to upstream capacity building. The MTR findings point to a lack of proactive leadership from the RNE on this matter that could have guided the Norwegian counterparts, divorced from the situation on the ground in Tanzania, to reach a swifter conclusion on the scope of work for support that might have allayed the Zanzibar authorities’ perception that they were not being actively engaged to participate beyond approaches initiated via MEM. The RNE conducted a comprehensive meeting with Zanzibar in December 2014 in order to have preliminary assessment of its involvement in the programme pre-2016. It is significant to note that the Zanzibar budget and work plan were signed of in January 2015 with the RNE noted as the responsible party.



Beyond these limited scope of work for the current phase of the OfD<sup>20</sup>, the consultations with the MLHWE were cordial and they indicated a desire to work with Norway to learn from the Norwegian experience. The issues of policy, legal, and resource assessment are of utmost importance to them and it was reiterated that timely support in this area is critical as they are racing against time. Whilst they would welcome external support to build capacity in the Oil and Gas upstream, due to the time constraints they will keep moving forward regardless of the timeliness of the support offered. Once again, due to the sensitivity of the relationship between the OfD Programme and the Zanzibar authorities and the need for rapid operational responses, the role of the RNE will be under the spotlight, especially considering the RNE is clearly noted as one of the responsible parties in the scopes of work signed in January 2015.

### 3.3 Systemic analysis

Following this initial findings, it could be concluded that the OfD Programme has fallen short of expectations, as shown in Section 2.7 – Reporting Review. However the findings point to a more sophisticated explanation for this than a simple ‘silver bullet’ solution that would imply a single determinant in the current shortcomings of the Programme. A series of trigger factors have converged to create a systematic ‘failing’ of the Programme.

As Figure 3 indicates, the MTR findings can be broken down into three core elements, namely the system issues (lack of LF and ToC), the design issues (conceptual flaws in the design – risk, M&E etc.) and the structural issues (overly complex structure of the Programme). These issues have sub-elements that are in turn interrelated, creating a dense net, and have impacts on the other core elements. This systemic connectivity of findings creates an environment whereby improvements in one area and not another will only partially address the current shortcomings as each element impacts the other – the three core findings all impact the critical path of the Programme and are currently negatively dependent on one another and reinforce the weaknesses in the Programme. For example, the perceived lack of commitment is the symptom of a combination of multiple elements – DSA, poor training, lack of trust, dysfunctional organizations, the delayed TNA report, lack of leadership from the RNE etc., all of which contribute to the systemic shortcomings of the Programme. For that reason, addressing any one of them in isolation of the others will not improve the systemic cohesion.

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<sup>20</sup> Specific Activities - 2015 Zanzibar (MWLHE): 4.1 PETROLEUM POLICY (Upstream) Draft Oil and Gas (Upstream) Policy – Zanzibar, 4.2 LEGAL AND REGULATORY FRAMEWORK Draft Oil and Gas Exploration and Production (Upstream) Act - Zanzibar and 4.3 RESOURCE MANAGEMENT Define need, prioritize capacity building within Oil and Gas(Upstream) Resource Management - Zanzibar

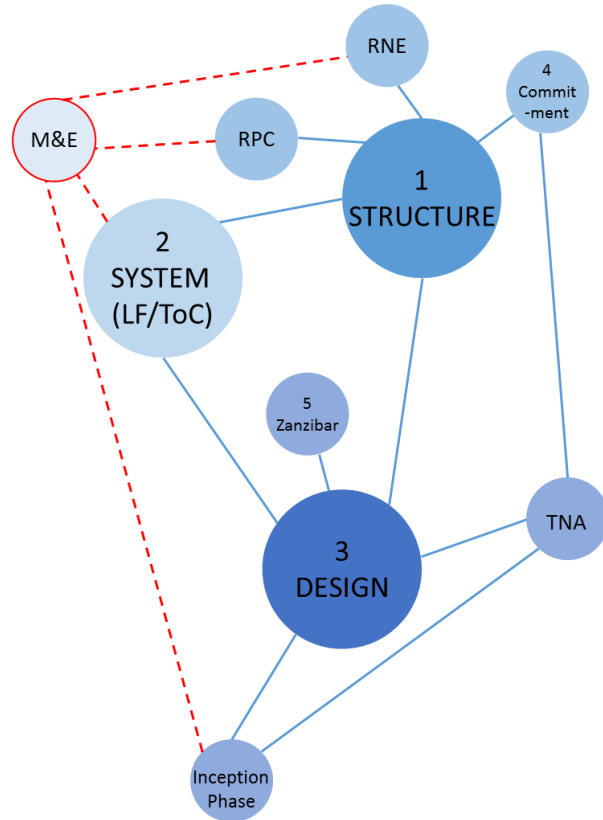
The diagram also shows how the lack of an M&E tool as part of a broader integrated management tool had far reaching impacts across all the other core elements of the Programme that in turn undermined the role of the RNE to effectively be accountable for the overall implementation of the Programme – a bit like putting the right people (pilot, navigator, lookout etc.) on the bridge of a ship whilst the captain is in the engine room.

From the outset, the Programme was hampered by the poor preparedness of the Programme design driven by a short sighted desire to get the Programme started as soon as possible. The Programme suffers from an approach as the old adage states – more haste, less speed. Within the hasty inception of the Programme, the next trigger can be found, namely the lack of the LF/ToC which meant that from the start risks could not be pre-emptively addressed as there was not framework to identify and act on them decisively. The risk realisation is a symptom of a broader shortcoming, that there was no integrated management tool to observe the different triggers collectively and appreciate their impending cumulative impact. Alone however the lack of LF/ToC did not undermine the programme, as the next trigger – the overly complex structure was critical in constraining the rapid communication between counterparts and the subsequent slow decision-making processes.

The complex Programme structure and weighty decision-making enabled the other triggers to manifest without a collective response as insufficient communication of the shortcomings in the design and lack of integrated management tool meant that each stakeholder only addressed the shortcoming ‘visible’ to them - an overarching, or “helicopter view” was missing. During the consultations with the NEA, the assertion was that communication between the MEM and NEMC was the main issue affecting the implementation of the environmental thematic activities. However the findings of the MTR, more broadly informed by the interview with NEMC, point to an issues of communication across the OfD more generally whilst the most visible tool - the Annual Meeting reports/MoMs make no mention of communication issues linked to the cumbersome decision-making nor are they identified as a risk.

Further indications are addressed in 4.4 above where the RPC’s efforts to alert Norwegian and local stakeholders to the growing frustrations regarding the challenges being

**Figure 3: Systemic links affecting the performance of OfD Tanzania**



experienced in implementing the Programme were not proactively addressed despite multiple points of contact being alerted. Another critical aspects that needs to be addressed is how the structure of the Programme supports the strategic objectives – i.e. structure follows strategy. For example, one aspect of the OfD strategic objectives is to build capacity. Consequently, the structural arrangements must support that objective and not undermine it. It was mentioned that the current training arrangements are perceived to have built little lasting capacity as the fly-in-fly-out approach is shallow and does not develop deep practical skills and that on the job training through attachments would be more effective – a point made in the TNA<sup>21</sup> which was delivered after the fact.

From day 1, the next trigger, the lack of an Inception Phase in the project design, manifested as a rolling ‘misconception’ of the Programme as it was not clearly visible (due to lack of LF/ToC) and resulted in the Programme participants ‘autodjusting’ to ‘correct’ the reality on the ground by ‘defaulting’ to inception type activities but not being designated as such in the Programme Document. Had the counterparts been enabled by an integrated management tool to see what was happening and acknowledged the necessity of the inception-type activities there may well have been better communication between the different levels and work streams leading to a more collective and collegiate understanding of the value of the preparatory working being carried out. The analogy can be likened to sending a soccer team onto the pitch believing they are competing to win the tournament but at half time when they are losing the match, realise they are actually engaged in a friendly match with no material impact on their overall tournament outcomes. The second half will likely be played more collegiately with a different mind-set and therefore different game plan but inherently less stressful win.

Building on the three cumulative triggers above, another ‘round’ of triggers then manifested to exacerbate the implementation challenges outlined above, namely the apparent lack of leadership from the RNE and the growing distrust of the Tanzanian counterparts as to who was materially benefitting more from the OfD Programme. The outcome being that the ownership of the Programme by the core local counterparts increasingly waned whilst the Norwegian counterparts perceived this as lack of commitment and became frustrated and increasingly disillusioned with the Programme. The combination of the elements mentioned above also affected the involvement of Zanzibar institutions in the project. Further, the structural deficiencies meant that the RPC – the one person that could have closed some gaps – was providing at best *ad hoc* and informal feedback to the RNE whilst reporting directly to the NPD in Norway. The RNE’s isolation has now been perfected, not due to the deliberate efforts of any player but due to the design, structural and system flaws built into the Programme.

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<sup>21</sup> There are 154 references to the need for on the job training in the TNA and in the Executive Summary, Page 6 states “To achieve sustainable competence development within these areas it will be necessary to apply the new knowledge in an active working situation. The TNA team recommends that ‘on-the-job’ training or an active coaching process is used as the key measure.” In addition, under the heading 4. Assessments of Governmental Institutions, 4.1 The Petroleum Section in MEM, in reference the “Baseline”, under point iv on page 26 states “Plan for on the job training to be financed by Statoil.”

**Key messages**

- The implementation of the OfD Programme in Tanzania has faced challenges that were perceived to be isolated issues requiring piecemeal interventions. However, deeper analysis indicates systemic interconnected issues that require an integrated series of interventions.
- The core findings are that the initial design has flaws relating to the lack of an integrated management tools and the absence of a designated Inception Phase, that have severely hampered monitoring and evaluation and limited effective output-based reporting. An overly complex structure of the OfD Programme and ambiguity over roles and functions that impedes efficient communication between stakeholders, contributes to harm the performance of the Programme.
- The RNE's ability to be accountable for OfD implementation is hampered by its limited capacity to provide leadership to the Programme, where the RPC is accountable to the NPD resulting in overstretched RNE staff having an obscured 'line of sight' over the Programme implementation.
- One issue keeps coming up – the perceived “lack of commitment” seems to be, according to the findings of the fieldwork, a symptom of a combination of multiple elements – DSA, poor training, perceived lack of trust, dysfunctional local organizations, the delayed TNA report, lack of leadership from the RNE, etc.

## 4 The Change Matrix

Following the description of the individual activities carried out by the Programme and the progress made (Section 2.7), as well as the factors affecting its performance (Section 3), this part of the document explores how OfD activities are contributing to produce systemic change in the Petroleum sector in Tanzania. The Change Matrix will be the main tool used for that analysis. Below it is briefly explained the logic behind the Change Matrix and its functioning. In addition to the detailed description of the Change Matrix for the OfD Programme in Tanzania, this section also carries out a brief “looking-forward” analysis, using the information obtained, exploring the implications that the results obtained may have for the future of the Programme.

### 4.1 Logic and internal functioning of the Change Matrix

In a nutshell, the Change Matrix provides a way to understand the different dimensions of ‘capacity’ that are relevant to overall organisational performance. The logic behind this analytical framework is based in the fact that while the recipients of training tend to be individuals, the organizations to which these individuals belong should always be the final beneficiaries of the training and capacity-building provided. In other words, training should always have a double dimension – organizational and individual. The Change Matrix aims to explore whether by training individuals, the OfD Programme in Tanzania is effectively contributing to develop the capacity of public agents operating in the petroleum sector. By improving and strengthening the capacity of actors like TPDC, OSHA, NEMC or MPE, it is assumed that the Programme will also be contributing to improve the management of the petroleum sector.

Following that logic, the Change Matrix will explore how capacity is created at three different levels, namely:

- I. The individual level, focused on staff’s improved skills, as a result of their involvement in the training activities promoted by the Programme, to perform their duties more effectively;
- II. The organisational level, including the structures, processes and procedures that enable these skills to be deployed and used effectively within local partners; and
- III. The sector level, which includes the wider framework of laws, regulations, but also informal rules governing behaviour in the Tanzanian petroleum sector.

The Change Matrix usually contains three columns because, for any programme to successfully accomplish its objectives, capacity has to not only be generated (‘capacity creation’ – Column 1) but also adequately used in line with OfD’s goals (‘capacity utilisation’ – Column 2), as well as retained and disseminated over time (‘capacity retention’ – Column 3). In the case of the MTR of the OfD Programme in Tanzania, a fourth column has been added, so to have a better vision of how inception activities, as described in the previous sections, are contributing to the development of individual, organizational and sector capacities.

The first level of the Change Matrix explores how training activities contribute to improve individual skills, therefore triggering the process of change toward the intended outcomes and impacts of the OfD Programme in Tanzania. Training is aimed to provide local partners' staff with specific skills and abilities. However, for these inputs to be effective, there must be an adequate level of alignment between them and the capacity of individuals to use them effectively ('capacity utilisation'). For example, it makes no sense to provide training in HSE data management, let's say, to an accountant, because he/she will never have the opportunity to use these skills. Also, for the training to fulfil its transformational role, the staff receiving it should also ideally remain in their posts enough time to put them into practice and contribute to their internal diffusion through seminars and publications ('capacity retention'). In this regard, experiences in other countries show that a high level of staff rotation among local partners is one of the main factors that may eventually put the Programme at risk of failure.

The second level of the Change Matrix explores how improved abilities at individual level may have a positive effect in organisational capacity. Better trained individuals performing their daily activities may rationally be expected to contribute to creating stronger, more capable organizations ('capacity creation'). In theory that will be reflected, for example, in the existence of new processes and procedures in line with the long-term objectives of the OfD Programme ('capacity utilisation'). Over time, these changes will become part of the organizational culture ('capacity retention'), contributing to the sustainability of the transformational potential unleashed by OfD.

The third level of the Change Matrix analyses how activities carried out by the OfD Programme contribute to create about changes at sector level. However, it is important to mention that the capacity of the Programme to influence the development of the sector is limited. Thus, other external political, cultural, economic and environmental factors will also intervene to determine the course followed by the petroleum sector in Tanzania. The central thesis of 'capacity creation' at this level is local partners, empowered by relevant new knowledge and skills, will help to promote the approval of standards and regulations in line with the final objective of the OfD Programme. Ideally, these new regulations, enforced by local actors, should be also adopted and utilised by other stakeholders in the sector, like private oil companies ('capacity utilisation'), creating a virtuous circle as a result that may guarantee the sustainability of the impacts achieved by the Programme ('capacity retention').

Finally, it is also important to mention that the arrows included in the Change Matrix represent how change takes place. In this regard, change is usually the result of the combination of two different factors. In other words, change is bi-directional, rather than unidirectional. Thus, for example, for any given organization to be able to put into practice the skills acquired (Box F in the matrix below), two pre-conditions are necessary: that the organization itself have adopted these skills (Box E) and that the staff effectively use them (Box B). If one of these pre-conditions is not accomplished, then the organization will not be able to put into practice their skills in a successful manner.

At the end of the Change Matrix, it is expected that the programme will contribute to promoting the long-term impact of the ‘economically, environmentally and socially responsible management of petroleum resources’.

## 4.2 The Change Matrix of the OfD Programme in Tanzania

The Change Matrix of the OfD Programme presents three main characteristics:

1. The matrix presents a relative abundance of blank spaces. This is normal in the case of Mid-Term Reviews, as some of the Programme activities may have not begun yet. Also, in the case of those already completed, their impact is difficult to measure and/or information about it may not be readily available. This is certainly the case of the OfD Programme in Tanzania which, as discussed earlier, presents a low level of implementation.
2. A significant number of activities fall under the category of “Inception Activities”, as previously defined in Section 2.7. That is, their main purpose of these activities is preparatory, rather than output-driven, as explained in Section 3.2.1.
3. The “Implementation Activities” are concentrated in the “capacity creation” areas, both at individual and sector levels. This reflects the Programme’s two main focus: (i) filling the gaps that may exist in terms of training and development of skills at individual level within key Tanzanian institutions; and (ii) creating a more enabling regulatory framework for the development of the petroleum sector in the country. Remarkably, the OfD Programme is not implementing any activity aimed to enhance directly the organizational capacity of its local partners. Needless to say, and as explained in the previous section, by providing training to the individuals that are part of OfD’s local partners, the Programme is indirectly contributing to strengthen their organizational capacity.<sup>22</sup> In this regard, it seems like it has been implied that the improvement of the individual capacities of TPDC, OSHA, NEMC or MPE staff will automatically have a positive effect on the capacity of the organizations where they work. However, this is not always the case. For example, experience shows that the less meritocratic an organization is, the less impact that improvements in individual skills makes at organizational level. In other words, when internal organizational dynamics (decision-making processes, promotions, etc.) are not configured around a system of merits, the influence of training and capacity building clearly to promote positive reform changes is reduced.

Table 2 provides information about the different levels of capacity development analysed in the OfD Tanzania Change Matrix

### INDIVIDUAL LEVEL

#### Capacity creation

Training and capacity building were the main activities of the OfD Programme in Tanzania. They include basic petroleum training, with special emphasis on the petroleum value chain,

<sup>22</sup> This distinction between direct and indirect contribution to improving organizational capacity is critical. As explained before, individual training is an indirect way to strengthen organizations, provided that the capacities acquired are effectively used and retained. Direct Institutional Strengthening and Organizational Development (IS/OD) is not just focused on individual training but in systems and structures. In other words, direct IS/OD aims to improve the organizational environment, so training and capacity building may reach their full potential as drivers of change.

training on Environmental Training Assessment (EIA), Environmental Data Management, and Safety and Environment (HSE).

The training and capacity-building activities during this phase were attended by 191 participants. As the same people attended several activities, the total number of people trained during this period is 160, out of which 111 were men (69%) and 49 women (31%).



**Table 2: The OfD Change Matrix<sup>23</sup>**

	<b>INCEPTION</b>	<b>CAPACITY CREATION</b>	<b>CAPACITY UTILISATION</b>	<b>CAPACITY RETENTION</b>
<b>INDIVIDUAL LEVEL</b>		<b>A. Courses and training</b>  IMP5 (T) IMP7 (T) IMP11 (T) IMP12 (T) IMP16 (T) IMP19 (T) IMP35 (T) IMP37 (T)	<b>B. Relation training received –management position occupied</b>  Courses/activities relevant to the post occupied by the person that received the course	<b>C. Continuity</b> <b>D. Information transfers</b>  Time at the job  Seminars and publications resulting from OfD training activities
↓		↓	↓	↓
<b>ORGANISATIONAL LEVEL</b>	INC10, INC11, INC17	<b>E. Relation training received –department/working team</b>	<b>F. Processes and procedures</b>  Existence of new processes and procedures	<b>G. Validity of processes and procedures</b>  Continuity of processes, policy and procedures over time
↓		↓	↓	↓
<b>SECTOR LEVEL</b>	INC1, INC2, INC3, INC3, INC5, INC20, INC21, INC22	<b>H. Standards, laws, and regulation</b>  IMP1, IMP17, IMP20	<b>I. Implementation</b>  New pieces of legislation reviewed and approved	<b>J. Institutional change</b>  Sustainability of OfD activities
↓	↓			
	‘Economically, environmentally and socially responsible management of petroleum resources’			

<sup>23</sup> Includes only activities already completed

Table 3 provides information about the type of courses and the number of participants, as well as their gender:

**Table 3: Training and gender**

TYPE OF TRAINING	YEAR	MEN	WOMEN	TOTAL	WOMEN (%)
The upstream petroleum value chain	2014	25	8	33	24.2
EIA Training Oil and Gas	2014	20	14	34	41.2
Environmental data management	2014	30	3	33	9.90
Basic petroleum training I	2015	29	15	44	34.1
Basic petroleum training II	2015	19	6	25	24.0
HSE - Safety workshop	2014	1	1	2	50.0
HSE - Safety Workshop and Seminar	2014	6	1	7	14.3
HSE - Oil and Spill Regional	2014	2	1	3	33.3
HSE - Compliance monitoring	2014	1	1	2	50.0
HSE - Audit preparation	2014	2	2	4	50.0
HSE - Data and Statistics	2015	2	2	4	50.0
TOTAL		137	54	191	28.2

Source: RPC, NPD, NEA and TPDC<sup>24</sup>

As it is possible to appreciate, the percentage of women involved in training and capacity-building activities in Tanzania is significantly smaller than that of men, which shows that the Programme is having a limited impact in terms of gender. However, according to the information provided by the TNA, this percentage is consistent with the total proportion of women working at the NEMC, OSHA, TPDC, MEM and other stakeholders involved in petroleum sector, which is around 30%, with TPDC having the lowest proportion of women (18%) and NEMC the highest (41%).

In terms of the beneficiaries of the training and capacity-building activities, the entities that most support received were TPDC and NEMC, with MEM and OSHA slightly behind. This information is not entirely consistent with the results of the Training Needs Assessment Document (TNA), which indicates that NEMC is the institution with less training needs, with only one area (Conducting Systems Audits) showing an important gap between the level of actual competence and the required competence to perform the task adequately. A possible explanation to suggest this inconsistency in terms of beneficiaries of training is the fact that the TNA was not available till the last quarter of 2014, when the Programme was already being implemented, and some of the training activities had already been carried out, as explained in Section 3.

The analysis of the existing information about training activities shows some interesting findings. For example, the fact that 32 different people from NEMC attended the courses and training provided by the OfD Programme. While training a large number of people is usually seen as positive as it prevents capacity being concentrated in a few hands, it is

<sup>24</sup> The information provided by TPDC covers all the HSE courses and workshops. However, this information only reflects attendance by TPDC members. In other words, there is no information participants from other institutions attending these courses.

legitimate to wonder whether this large number of attendants from NEMC may result in the opposite effect – disperse the capacity therefore rendering it less effective. Considering that, as explained below, the training was even attended by NEMC’s drivers, it is pertinent to ask whether training is being used as a sort of “treat”, so all the staff participates in it, no matter how relevant it may be for their daily job. In the other extreme, data shows that the training provided to TPDC has been concentrated on a very small number of people.

It is also important to highlight that, although to a lesser extent, other institutions have also benefited from the activities of the OfD Programme. They include the Surface and Marine Transport Regulatory Authority (SUMATRA), the Ministry of Livestock and Fisheries Development (MLFD), the Ministry of Natural Resources and Tourism (MNRT), the Vice-President’s Office (VPO) or the Attorney General’s Chambers (AGC), among others. It is equally important to highlight the low level of participation of representatives from Zanzibar in most events. The only exception is a second training workshop on Petroleum Value Chain, following the one that had taken place in Dar es Salaam a week earlier, which took place in Zanzibar in January 2015. Most of the participants in this event belonged to the Ministry of Lands, Housing, Water and Energy (MLHWE) from Zanzibar

**Table 4: Distribution of participants per institution**

TYPE OF TRAINING	YEAR	NEMC	OSHA	MEM	TPDC	OTHER
The upstream petroleum value chain	2014	10	4	4	2	13
EIA Training Oil and Gas	2014	18	1	1	1	13
Environmental data management	2014	7	0	1	0	25
Basic petroleum training I	2015	3	5	10	7	19
Basic petroleum training II	2015	0	1	0	0	24
HSE - Safety workshop	2014	-	-	-	2	-
HSE - Safety Workshop and Seminar	2014	-	-	-	7	-
HSE - Oil and Spill Regional	2014	-	-	-	3	-
HSE - Compliance monitoring	2014	-	-	-	2	-
HSE - Audit preparation	2014	-	-	-	4	-
HSE - Data and Statistics	2015	-	-	-	4	-
TOTAL		38	10	17	32	94

Source: RPC, TPDC<sup>25</sup>, NEA and NPD

It is important to note as well that, as mentioned in Section 4, the OfD Program does not have a common database that may provide both the Tanzanian and Norwegian Program managers, with detailed, comprehensive information about the participants attending different courses and workshops, including their gender, position within each institutions, etc. This information is generally included in the reports (courses, workshops, meetings) prepared by each of Norwegian institution in charge of the events.

<sup>25</sup> The information provided by TPDC about the HSE events only took into account its own staff.

## Capacity utilisation

The aim of this indicator is to explore whether there is a correlation between the training and capacity building provided and the positions occupied by the staff attending the courses. However, it is necessary to mention that this information is not available for all the training and courses developed by the OfD Programme to date.<sup>26</sup>

In general terms, it is possible to affirm that the analysis of those events where the occupation of the participants is described shows a strong correlation between the training and capacity building provided by OfD in Tanzania and the jobs and professional responsibilities of the people receiving them however in most cases there is no additional information explaining the relation between their daily jobs and qualifications and the training received. In some other cases, like in EIA Training Oil and Gas workshop held in May 2014, it is quite noticeable that the course was also attended by NEMC's driver which seems inconsistent with the job description of a driver. The affiliation of a couple of other participants is not stated either.

In fact, taking a look to both the content of the training and the qualifications of those receiving it, it can be suggested that some of them may be over-qualified to attend these workshops. This hypothesis, which would require of a more in-depth analysis of the criteria used for the selection of participants, could reinforce the idea suggested by different stakeholders about the lack of adequacy of the some of the training provided, as discussed in Section 3.

## Capacity retention

To explore capacity retention at individual level, two indicators are normally used:

- (i) a direct one, aiming to establish whether the staff that received any training is still working in the same position within the local partner;
- (ii) an indirect one, aiming to explore how the information acquired had been shared (both formal and informally) within the local partner institutions.

To gather this and other relevant data for this MTR, the OPM team requested detailed follow-up information to NEMC, MEM, TPDC and OSHA at the end of the fieldwork. However, no questions were included regarding the level of staff continuity and job rotation. The reason was twofold: on one hand, it was estimated that OfD's local partners would already have problems assembling the information required; on the other hand, as the Programme in Tanzania has been implemented for less than a year and a half, it was believed that this information was be less relevant than if this was final evaluation of the Programme, rather than a MTR.

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<sup>26</sup> The following events do not provide any information about the job, education and skills of the participants: The Upstream Petroleum Value Chain workshop, held in Bagamoyo in January 2014, and The Data Management workshop, held in Dar es Salaam in October 2014. The Basic Petroleum Training workshop, held in Dar es Salaam in January 2015 provides only partial information about jobs and skills of participants. In particular, the information about the members from AGC and NEMC is missing.

In the follow-up request for information, local partners were asked about actions aimed to facilitate the retention of skills by those members of their staff that received training from OfD. The responses provided by TPDC, MEM and NEMC (OSHA's response indicated that they were too busy to provide the information required) show that none of them have carried out any action in this regard, although the training materials provided by the Programme are available for all their staff to use it.

## **ORGANISATIONAL LEVEL**

### **Capacity creation**

The indicator most commonly used to explore the capacity creation at organizational level, is the percentage of trained people per department/working team. Thus, for example, the fact that 90% of the people within a department had been trained by OfD Tanzania would be an indication that this department/working team is stronger than one where only 10% of the people have been trained. In the latter, additionally, the whole department is more dependent on those who have been trained.

The original strategy to gather data to explore this section was, once the institutions had sent their replies to the first round of follow-up questions after the fieldwork, to send a second round of follow-up questions. The second round included questions about the percentage of trained people per department/working team. However, the low-level of detail provided by OSHA, NEMC, TPDC and MEM in response to the first round of questions (with OSHA, as mentioned before, not responding at all) suggested that it was better keep not to send the second round. Without this information, it is not possible to examine effectively how capacities are been created at organizational level.

### **Capacity utilisation**

In order to explore how capacities have been used at organisational level, the Change Matrix uses as an indicator the development of new processes, policies and internal procedures that can be seen as an outcome of the training provided by the OfD Programme in Tanzania.

The responses to the follow-up questionnaire sent to OSHA, NEMC, TPDC and MEM show that no changes in term of processes, policies and procedures have taken place within these organizations that can be directly attributed to the intervention of the Programme.

### **Capacity retention**

To explore the capacity retention at organizational level, the indicator used is level of continuity of the new processes, policy and procedures over time.

As mentioned before, the absence of new processes, policies and procedures that can be directly attributed to the intervention of the Programme means that this box of the matrix is necessarily left blank.

## **SECTOR LEVEL**

### **Capacity creation**

To explore the capacity creation at sector level, we have used as a reference those activities carried out by the Programme that may lead to the petroleum sector in Tanzania having an enhanced capacity to perform more effectively.

The analysis of the information shows that very significant work has been done in the area. Probably, the most significant one is the creation of the Legal Strategy Group (LSG), which is comprised of members from MEM, MLHWE-Zanzibar, VPO (Environment), MoLE, MoF, MoT, MNRT, TPDC and Attorney General. The aim of the LSG, as described earlier in the document, is to create an inter-institutional platform to jointly review the Petroleum Upstream law and any other relevant legislation, as well as to contribute to restructuring the relevant petroleum activities and re-definition of organizational roles. The Norwegian law company Arntzen De Berze is providing support to complete this work.

According to the conclusions of the workshop held in Dar es Salaam between 3 – 5 September 2014, where it was debated and presented the agenda for the LSG, the principles upon which this group will work are continuity, capacity building, ensuring ownership, and timely delivery. The LSG is coordinated by the Ministry of Labour. During the fieldwork, the majority of the stakeholders interviewed agreed that the work carried by the LSG to date is extremely positive.

As mentioned earlier in this section, it is very likely premature to appreciate any results at organizational level as a result of the improvements in the capacity of the staff of the key local partners of the OfD Programme. Logically, these improvements do not have any effect at sector level either. In this regard, the LSG is a direct consequence of the work carried out by OfD to reinforce the petroleum sector in Tanzania, rather than an indirect effect of the improvements in the capacity and skills of the staff that form it. This difference, although subtle, is extremely important to understand clearly what the future expectations of the Programme are, as it will be discussed in Section 4.3.

### **Capacity utilization**

The indicator used to explore whether capacities created are been effectively used is the number of regulatory elements reviewed and approved as a consequence of the activities implemented by the OfD Programme.

The most significant advance produced at this level is the update of the petroleum policy document. Although it is too soon to appreciate other significant changes in the sector as a consequence of the utilization of the capacities generated by the OfD, there seems to be a strong political impulse to accelerate the approval of relevant legislation, in particular the Upstream Petroleum Bill and Natural Gas Bill. As mentioned at the beginning of this section, this is a robust evidence of the prominence given by the OfD to improve capacity at sector level.

## Capacity retention

To explore the capacity retention at sector level, the indicator used is level of continuity of the new legislation and regulatory framework over time.

Like in the case of capacity retention at organizational level, the absence of new legislation and regulation that can be directly attributed to the intervention of the Programme means that this box of the matrix is necessarily left blank.

## 4.3 Looking forward – how to fulfil OfD potential

A quick look to the OfD Change Matrix could result in the conclusion that the OfD Programme is somehow failing, or still far away to make a tangible contribution to its final goal of “economically, environmentally and socially responsible management of petroleum resources”. As explained before, the matrix presents many blank spaces or areas where either no information is available or it is still too soon to observe real transformational processes. This is an undeniable fact, intimately linked to some of the factors affecting the performance of the Programme, as per described in Section 3.

However, the Change Matrix can be interpreted in a different, much more positive way. The combination of a large number of Inception Activities aimed to reinforced basic capacities within local partners (individual level), and the positive results obtained as a result of the strong support to the reform of the regulatory framework (sector level), create a fertile ground for the Programme to achieve its expected outcomes in subsequent phases. In fact, the analysis of the Change Matrix come to reinforce the idea expressed in Section 3 that the work carried out to date is, in essence, of a preparatory nature. In other words, it could be said that what the OfD Programme has been doing so far is planting the seeds of the development of the petroleum sector in Tanzania.

In this regard, the most important question that the Norwegian actors in charge of the OfD must make themselves is how to fulfil the potential of the Programme in Tanzania.

The analysis of the Change Matrix sheds some light on this question too. As explained before, most of the Implementation Activities developed by the Programme have been concentrated at the individual and sector levels. In this regard, there is an important gap, in terms of capacities, at organizational level. It does not mean that actors like TPDC, OSHA, MEM or NEMC do not have capacity to perform their tasks. It means that the OfD Programme has not been able yet to enhance their existing level of capacity. The OfD experience in other countries like Bolivia and Nicaragua shows that improvements in the capacity of public actors are critical for reform processes in the area of petroleum and gas – progress at individual and sector level are insufficient to accomplish the goals of the Programme.

This is probably one of the biggest risks that the Program is facing right now in Tanzania – the failure to achieve a sufficient level of organizational development. Enhanced organizational development, in the short-term, may contribute to underpin the reform

process promoted by OfD, and in the long-term may help to guarantee the sustainability of the transformation of the oil and gas sector in Tanzania.

This idea connects with the doubts expressed by some stakeholders about the pertinence of the training received when they mentioned that “more capacity-building and less workshops” are required, as it was explained in the previous section. How to develop more *ad-hoc* training that may be more effective from a capacity-building perspective is, by all means, one of the biggest challenges of the OfD Programme in Tanzania.



## 5 OECD Evaluation

The ToR for this MTR establishes that the review will be based on OECD's DAC Criteria for Evaluating Development Assistance. Using these criteria (i.e. relevance, effectiveness, efficiency, impact and sustainability), this section explores the achievements during this initial phase of the OfD Programme in Tanzania, in relation to the following objectives:

1. Approving a petroleum policy document for a better management of the petroleum sub-sector.
2. Improving the legal, regulatory and institutional framework for the resource and environmental management of the petroleum sub-sector.
3. Strengthening of the knowledge, institutional competencies and regulatory capacities for the resource management of the upstream petroleum sub-sector.
4. Strengthening of the knowledge, institutional competencies and regulatory capacities for the environmental management of the upstream petroleum sub-sector.
5. The establishment of procedures and institutional competencies and capacities strengthened for management of Health, Safety, and Working Environment and Security issues in the upstream petroleum sub-sector.
6. The development of data management systems and procedures so to give the government a tool to manage and communicate with stakeholders within the petroleum sub-sector.
7. The development of human resources within the petroleum sub-sector.

It may sound like something obvious to say, but the fact that this is a MTR means that most of the activities of the OfD Programme in Tanzania are still work in progress. In fact, although for different reasons, none of them have already been completed at this stage. That means that the information obtained by using the OECD criteria must be treated with caution – the results provided in this section are strongly indicative of the course followed by the Programme but they are also subject to change.

As described in Section 2.7, Objective 1 is probably the one which is closer to total completion. However, the key element in this thematic group – the elaboration of the draft Policy Document (4.7.1) is not finalized yet, and without it is difficult to determine the overall result of the work carried out. Within Objective 2, the first sub-objective ("Formulation of Legal Strategy Group" – 4.2.1) is fully completed, but the second one ("Update the current petroleum upstream law and other related laws to reflect the petroleum policy" – 4.2.2) is far from completion. Activities leading to the achievement of Objective 3 are barely been initiated, while the work leading to the achievement of Objectives 4, 5, 6 and 7 present mixed results – some of the activities have been completed but none of the general objectives have been achieved to date.

As mentioned earlier in Section 2, it is precisely those activities which were defined as Inception Activities the ones that present a higher rate of completion. This brief introduction is quite important because, although the purpose of this exercise using the OECD criteria is not evaluate each activity individually but the overall performance of the Programme, it

is relevant to bear in mind the quasi-inception nature of the Programme when it comes to reach conclusions about it.

## 5.1 Relevance

The aim of this section is to review the extent to which the project has responded to the needs and priorities related to the long-term development of the oil sector in Tanzania. It also explores whether these priorities are consistent with NORAD's objectives and policies.

In this regard, the Programme Document 2013-15 establishes an unambiguous link between the situation of the petroleum sector in Tanzania, the objectives of the Government and the goals of the OfD Programme. These linkages are reinforced by Section 2.1 "Previous relevant Norwegian assistance to Tanzania", highlighting the long-term relationships between the two countries in the area of oil and gas development.

The recent discoveries of gas make of the cooperation between Norway and Tanzania more relevant than ever. Thus, it is stated that "the potential for large windfall revenues from petroleum production in Tanzania will require good governance (transparency, accountability and integrity) in order to keep the oversight of sector developments, including revenue streams, moving forwards."<sup>27</sup>

In this regard, the documents consulted make a clear case for support in the area of policy planning (Objective 1), improvement of governance and regulatory framework (Objective 2) and overall management of resources (Objective 3).

Among the arguments provided to justify the need for the OfD Programme in Tanzania, the need for a better environmental management receives special attention. The fact that most of the largest commercial discoveries are offshore and in deep water at depths of 1,500-2,500 meters, create a situation that may "lead to increased levels of activity and infrastructure development that is likely to have a significant impact on the residents (pollution of natural resources used in household etc.), traditional and alternative economic activity and the natural environment of the coastal regions." In this regard, it is possible to appreciate an explicit link between the needs and priorities identified in this area by the Government of Tanzania, and pursuing an improvement in the knowledge, institutional competencies and regulatory capacities for the environmental management, which is the backbone of Objective 4.

Although the documents reviewed do not establish such a clear connection between the needs of the Tanzanian petroleum sector and Objectives 5, 6 and 7 (improvements in the area of HSE, data management and overall capacity of the sector), this ought to be considered as normal, as they can be seen as side-objectives, or complementary actions that are indispensable to achieve the ultimate objectives of the Programme.

Although the relevance of the Programme was confirmed by all Norwegian and Tanzanian stakeholders interviewed during this MTR, it was also noted that relevance is perceived,

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<sup>27</sup> OfD Tanzania, Programme Document, pg.5

mostly by Tanzanian actors, to be undermined by the way in which the Programme is being implemented. In particular, the fact that the TNA was produced more than a year after the Programme had formally been initiated, can be seen, as described in Section 3, a reason to reduce the relevance of the training provided, which is one of the key building-blocks upon which the OfD Programme is built.

Although the concept of relevance has mostly a technical connotation, at this stage it is also necessary to talk about the political relevance of this project. In this regard, during the meetings with both Norwegian and Tanzanian stakeholders it was suggested that the political relevance of the Programme may be as high as or even higher than the technical relevance. While this is a quite positive thing, it may produce some undesired side effects as well. For example, this could be a key element behind some of the factors affecting the performance of the project. In particular, the rush to move to an implementation phase as soon as possible (as per discussed in Section 3) or the reluctance (mostly on the Tanzanian side) to discuss openly with their Norwegian counterparts some of the issues constraining the progress of the activities, as it was observed during the fieldwork, could be interpreted as a sign of this.

### **Key messages**

While there is no doubt about how relevant the Programme is from a technical perspective, two issues are casting a shadow over it. One of them is the lack of alignment between training provided by OfD and local partner's training needs, as a result of the delay in producing the TNA. The other element is the high level of political relevance of this Programme, which may help to promote the vision that "the project must go on, no matter what", as it was put during one of our interviews. Experience shows that one of the main risks that these kind of initiatives face is the fact that technical decisions may be negatively influenced by political decisions. The solution for a situation like this is not reducing the political profile of the project (something which is impossible to achieve once this profile has reached a certain level, as it is the case of Tanzania) but to strengthen the technical side of the project, providing the adequate managerial tools to deal more effectively with issues and problems.

## **5.2 Effectiveness**

In plain English, effectiveness can be described as the capability of producing a desired result. In terms of the OfD Programme, its level of effectiveness is determined by its capacity to achieve the objectives originally established.

As explained in Section 2.3, an important part of the OfD activities have not been completed yet. As Table 1 shows, only 24 out of 64 activities have been completed to date, with other 16 been delayed, and the other 24 facing different levels of delay risk as well. The fact that most of the activities implemented fall under the category of Inception Activities, and therefore have not a direct impact on the final objectives of the Programme, certainly helps to increase the perception among Norwegians and Tanzanians

stakeholders alike that the Programme is under-performing. That, in turn, affects negatively the level of ownership shown by most of local actors. At no point during the fieldwork it was felt like the OfD Programme was “theirs”. During some meetings, it was even perceived as if the Programme, while potentially useful, was seen more as a nuisance than as a really helpful instrument for the development of their capacities.

However, the analysis carried out using the Change Matrix shows that the potential of the Programme to produce effective changes in the Tanzanian petroleum sector is very high, provided that the adequate corrective measures are taken to address some of the issues affecting its performance.

Having said that, it is important to mention that a critical condition to increase the effectiveness of the Programme will be to find a right balance between training and organizational capacity building. “Less training and more capacity building” was one of the most powerful messages received by the OPM team during the meetings with Tanzanian stakeholders. Two key issues can be identified behind this sentence. One is the requisite, as previously explained, of increasing the level of adequacy of the training provided, particularly to TPDC and MEM, so it may fill better their skill gaps. In particular, more hands-on, practically-oriented training is required – i.e. on the job training as was recommended by the TNA in almost every area of the assessment. The other one is the need to re-orientate the focus of the Programme, so it may have a greater impact in terms of the organizational strengthening of its local partners. This idea was very graphically demonstrated in the Change Matrix: while the impact that the Programme is achieving both at individual and sector level is quite positive, the overall effectiveness of OfD in Tanzania can be negatively affected unless more emphasis is dedicated to strengthen OSHA, NEMC, TPDC or MEM. In other words, without real transformations at organizational level, the achievements of the Programme, that is, its efficacy, will be either severely limited or unsustainable in the long-term.

The issue of the lack of commitment and engagement is, by far, the most serious threat that the OfD surely faces in order to achieve its goals. Evidence of that is already showing at all levels of the Programme’s intervention. For example, the 2014 Annual Report already points out to “constraints in TPDC capacity” as the main reason to justify the delays in the activities included in the Resource Management (2.3) thematic group. During the conversations with different Norwegian stakeholders, the lack of commitment and engagement has often been mentioned as the reason to explain the apparent low level of effectiveness of OfD in Tanzania, adding that the main factor behind this situation is the negative of the Programme to pay DSAs. One of conclusions of this MTR is that, rather than being the main factor behind this problem, the absence of DSAs is a symptom of deeper problems within local partners. Without any doubt, the most important one is the fact that training is not perceived to create enough added value for those receiving it. This, rather than the lack of DSA, is the most important disincentive that local actors face when it comes to be involved in the activities of the Programme.

While other elements, some of them of a cultural nature, also come together to make this complex situation even more difficult, the main challenge that the Programme faces in term

of effectiveness remain the same – without real change at organizational level, it will be extremely difficult to achieve the objectives of the Programme.

Analysing the role of the RPC is also quite important when it comes to explore the effectiveness of the OfD Programme in Tanzania. Section 3.2.3 describes in detail the important contradictions between the roles and functions of the RPC, as a result of which the real role of the RPC was mostly 'defined by circumstances'. It is fair to say that the RPC has ended up behaving in many occasions like a lonely fire-fighter trying to put out fires here and there; fires quite often being the result of the Programme's design deficiencies. Quite often too the RPC has become a kind of 'negotiator' between the MEM and the NPD around operational issues. This has put the RPC in the difficult position of defending MEM requests whilst being accountable to the NPD. The lack of a direct coordination line between the RPC and the RNE has not helped either to facilitate the development of her functions.

The fact that the RPC is the most visible face of the Programme, together with the almost generalized perception about the Programme's underperformance, have put the RPC in the spotlight, with some voices questioning not only the convenience of maintaining that position but also the professionalism of the person occupying it. The fact that 18.34% of the total budget of the Programme during the period 2013-14 was used to cover expenses associated with the cost of the RPC has also generated criticism by some Norwegian and Tanzanians stakeholders alike. In fact, at some point during the fieldwork, the impression of the OPM team was that the figure of the RPC could be used as a kind of useful scapegoat to mask some of the structural shortages of the Programme. The evidence collected shows that the RPC has delivered a quite respectable outputs to date, considering all the existing constraints. Having said that, one of the key priorities of the Programme is to revisit RPC's roles and functions, so to improve their level of alignment, as well as to improve the communication and coordination structures with the RNE.

In relation to how the Programme has cooperated with other stakeholders (such as other related projects, donors and civil society) who are involved in the petroleum sector or sectors relevant for the success of the Programme, it is important to highlight that almost 50% (94 out of 191) of the participants in the training sessions belong to institutions other than OSHA, MEM, TPDC and NEMC. These other participants mostly belong to other public actors, such as AGC, MNRT, Planning Commission or SUMATRA. However, it is also important to highlight the occasional presence of representatives from NGOs, universities and consultancy companies. The participation of representatives from Zanzibar institutions, although significant as a percentage of the total attendance, is mostly concentrated in one event – the Basic Petroleum Training held at the Seacliff Hotel in Zanzibar, in January 2015. This would be a clear reflection of one of the problems identified during the fieldwork – the relative marginalization that Zanzibar institutions have suffered during the initial phase of the Programme.

The NRE and NORAD fund other activities relevant to the petroleum sector, such as support to the Tanzanian Revenue Authority (TRA) to strengthen fiscal competence, however the perspective of OfD Program stakeholders is that there are currently not obvious synergies between the OfD Programme and these other activities. According to

the RPC, there are not “any major synergies between the OfD Programme and the complementary activities developed by the NRE in Tanzania.” Improvements in the level of coordination, including the possibility of appointing the same coordinator for both the OfD Programme and these other activities, was the solution provided if this objective was to be achieved.

### **Key messages**

The level of effectiveness of the OfD Programme in Tanzania is certainly lower than expected. However, it is also true that some areas are performing better than others, as the 2014 Financial Report states: “the Programme efficiency in 2014 is considered to differ between the thematic areas”. Later, the same document points out, in order to explain why some areas are performing better than others, the responsibility is put twice on TPDC. Thus, in order to explain the low performance in the Resource Management (2.3) thematic area, it is argued that “the lack of responsiveness and prioritization by TPDC” is the main reason behind this occurrence. Likewise, the lack of progress and virtual paralysation of activities within Data Management (2.6) is the result of “lack of demand and response from TPDC” as a result of which “further activities is not planned for next year – 2015”.

Interestingly, none of the documents consulted during this assignment provide any clue to explain this behaviour. The analysis conducted in this section, supported by the evidence provided in the rest of the document shows that while lack of engagement and commitment is the most serious threat for the OfD Programme to achieve its objectives, this is just a symptom of more serious problem. Strengthening the capacity of local partners, through a well-defined capacity-building approach, to perform more efficiently is the key to increase the effectiveness of the Programme in Tanzania.

## **5.3 Efficiency**

Efficiency refers to how economically are resources converted into results. In other words, efficiency measures the outputs -- qualitative and quantitative -- in relation to the inputs, which generally requires comparing alternative approaches to achieving the same outputs, to see whether the most efficient process has been adopted.

Table 5 below shows how the budget of the Programme was distributed per thematic areas, as well as its final level of expenditure. In this regard, it is important to highlight that there are important differences between the original budget and the final use of resources. This is particularly evident in thematic areas 2, 3 and 7 (Regulatory and Institutional Framework, Resource Management and HR Management respectively). In the case of the Regulatory and Institutional Framework area, the difference is almost 100% more in relation to the original budget. That is, the actual level of expenses was double than the original one. In the case of the Resource Management area, it presents a completely

different sign – less than 13% of the original budget was spent. Finally, in the case of the HR Management, the level of overspending reached 20%. The level of overspending in the area of the General Programme Management also reached 23%.

**Table 5: Tanzania Norwegian Funding: Budget and Balance 2013-14**

Thematic Areas	Budget	Expenses	Balance	Expenses	Total Expenditure
	2014	2014	2014	2013	2013-14
Petroleum Policy	330,000	357,000	-27,000	420,319	777,319
Regulatory and Institutional Framework	2,100,000	4,206,000	-2,106,000	1,000	4,207,000
Resource Management	800,000	99,000	701,000	0	99,000
Environmental Management	920,000	672,000	248,000	167,617	839,617
HSE Management	1,150,000	1,218,000	-68,000	222,649	1,440,649
Data Management	1,470,000	1,667,000	-197,000	429,405	2,096,405
HR Strategy	2,098,000	2,535,000	-437,000	2,000	2,537,000
Cross-cutting Issues	0	0	0	0	0
Programme Management	1,000,000	1,232,000	-232,000	351,158	1,583,158
Resident Coordinator	2,000,000	1,966,000	34,000	1,089,305	3,055,305
Contingency	200,000	0	200,000	0	0
<b>TOTAL</b>	<b>12,068,000</b>	<b>13,952,000</b>	<b>-1,884,000</b>	<b>2,683,453</b>	<b>16,635,453</b>

Source: Financial Report 2014

Although the reasons to explain these variations vary from one case to other, all of them share the same root problem – a deficient planning and design of activities which resulted in poor understanding of the level of effort, as in the case of the Regulatory and Institutional Framework, required to complete the task or the capability of the actors involved, as in the case of TPDC in relation to the Resource Management thematic area.

This poor level of planning in relation to the Regulatory and Institutional Framework becomes particularly evident when the items forming this particular thematic area are examined in more detail. Thus, the establishment of baseline regarding existing relevant legislations, and the review of the current petroleum upstream law and other related laws, show an overspending level of 562% and 633% respectively. That means that no budget was available for any other activity within this thematic areas for the period 2013-2014. This situation is a good reflection of the contradictions between the functions and roles of the RPC mentioned before - because of the planning and design deficiencies in the OfD Programme, the RPC had to spend a lot of energies acting as a negotiator between the MEM and the NPD to make readjustments in the budget, so to keep the Programme operationally active. All these issues acted as a clear game-changer for RPC's responsibilities.

In an attempt to understand better the level of efficiency of the Programme, a request for information about the distribution of costs per events was sent to the RPC once the fieldwork was completed. In particular, the information requested was referred to (a) cost of training (fees), (b) reimbursable costs of training (travelling and per diems), (c) reimbursable costs for local participants (per diems) and (d) other costs associated to the organization of events. In her response, the RPC informed us that "the requested information is not available in NPDs system at this level of detail". Instead, the following

information for 2014, summarizing how costs have been distributed across all the activities carried out by the Programme, was shared with us, as shown in Table 6.

**Table 6: Approximate distribution of costs across activities - 2014**

Concept	2014
Hours Norwegian institutions	2,700,000
Travelling Norwegian institutions	1,200,000
Consultants	6,000,000
Other costs - accommodation, etc.	550,000
Resident coordinator	1,650,000
<b>TOTAL</b>	<b>12,100,000</b>

Source: RPC

The most outstanding element contained in this breakdown of expenditure is the fact that almost half of the total budget of the OfD Programme in 2014 (NOK 6 million) was spent in external consultants. This can be seen as an important contradiction – the essence of the OfD Programme, and what makes it distinct to any other project providing capacity building and training in the petroleum sector, is the fact that it offers to share the know-how developed by public Norwegian actors involved in the management of their natural resources. However, these figures show that a substantial portion of the total expenditure of the Programme was used to hire the services of external consultants, mostly in the areas of (a) establishment of baseline regarding existing relevant legislations; and (b) the review of the current petroleum upstream law and other related laws, both within the Regulatory and Institutional Framework thematic area.

Another significant element in this breakdown of expenditure is the fact that at least 10% of the total budget was used to fund travelling costs (NOK 1.2 million). In addition to that, a significant part of the accommodation costs (although how much of it is unknown as this detail of information is not available) are directly linked as well to travelling costs. In this regard, Section 3.3 makes reference to how the fly-in-fly-out approach used by the Programme was negatively perceived by some Tanzanian stakeholders, which perceived it as “shallow”. In the light of the information available, it is legitimate to ask to what extent this is a fair comment. Judging by the level of completion of the activities of the Programme, as described in the previous section, and the fact that the level of effectiveness achieved so far is certainly lower than expected, it is possible to suggest that the Programme may need to rethink its overall training and capacity strategy in order to improve the more value for money provided.

In terms of gender, as explained in Section 4.2, almost 30% of the staff trained by the Programme are women. This proportion of women is not significantly higher or lower than the proportion of women employed by TPDC, OSHA, NEMC and MEM, according to the information provided by the TNA. This would mean that the Programme would not be having a significant impact, neither positive nor negative, from a gender perspective.

Finally, in terms of anti-corruption actions, it is important to note that no explicit anti-corruption issues have been integrated into the planning, implementation and monitoring. However, it is important to note that some measures aimed to achieve a more transparent



use and management of the available resources, like the location and access to the Programme's accounts, have certainly given place to a negative reaction of some Tanzanian stakeholders. Thus, the fact that MEM has no access to these accounts or even a voice about how money is being used is seen by them as a symptom of a "lack of trust" as well as of a perceived "patronizing attitude", which in turn is contributing to build up the sense of frustration around the Programme. "If they don't trust us, why do they want to work with us?" is one of the most powerful messages gathered during the fieldwork. The level of frustration only becomes worse when MEM compares how OfD is managing the location and use of the Programme's accounts in Tanzania, in relation to other countries. "In Ghana, local actors do have access to accounts. They can decide how money is spent. Are they perhaps more reliable than us?"

Finally, Table 7 presents Tanzania counterpart funding, which covers local cost, including local transport, procurement of office facilities for the Resident Programme Coordinator, and facilitating active staff participation in the Programme implementation.

**Table 7: Tanzania counterpart funding (5%)**

Thematic Areas	Budget	Expenses	Balance	Expenses	Total Expenditure
	2014	2014	2014	2013	2013-14
Petroleum Policy	1,220,000	282,700	937,300	115,000	397,700
Regulatory and Institutional Framework	141,000	148,000	-7,000	0	148,000
Resource Management	160,000	0	160,000	0	0
<b>TOTAL</b>	<b>1,521,000</b>	<b>430,700</b>	<b>1,090,300</b>	<b>115,000</b>	<b>545,700</b>

Source: Financial Report 2014

According to the Financial Report 2014, "Tanzania through institutions participating in the Programme, also contributes man-hours for the staff involved in the Programme implementation. Therefore Tanzania's contribution to the Programme is far beyond the 5% of the total Norwegian support envisaged in the Programme Agreement." Having completed the fieldwork, a request was sent to the RPC to provide details about how Tanzanian's contribution to the project was calculated. The response indicated that the RPC didn't have information about how the value of this contribution was established.

**Key messages**

One of the most often repeated utterances during the fieldwork is that “perception is reality”. The perception of Tanzanian stakeholders about the project is that it is not efficiently managed. In other words, they do not perceive to be massively benefiting from it. Or at least, the perceived benefits obtained are much lower than those originally expected. In fact, during a meetings with one of the local partners of the Programme it was mentioned that “Norwegians do get more from this project than us. They say that we are the main beneficiaries, but the truth is that all money is quickly returning to Norway”. Casting a critical eye across the figures provided in Table 7 it is easy to see why this perception is, in some Tanzanian’s eyes, completely real.

The question of whether the OfD Programme is being efficient – whether it is indeed providing value for money, is intimately connected with answering the question – Value for Whom? This question is at the heart of the consistent criticism regarding the perceived lack of value derived from the training to date. From the Tanzanian side, it is not just the fact that the training is seen as “shallow”, particularly by TPDC and MEM. More importantly, as explained earlier, in a non-meritocratic environment, the value of training is limited. In other words, in the eyes of some Tanzanian stakeholders, the face value of training is not very high, hence the demand to supplement it with.

Considering that this issue is completely out of question, according to the discussions held with the RNE and other Norwegian stakeholders, the only way forward to improve the level of efficiency of the OfD Programme is to make a more decisive contribution to the organizational strengthening of its local counterparts. The final aim of this move (“less workshops and more capacity-building”) would be to raise the level of functionality within these organizations, so training and new capacities may be seen as sought-after commodities.

**5.4 Impact**

As explained in the section dedicated to the Change Matrix, it is not possible to talk about impacts of the Programme because (a) most of the activities have not been completed yet; and (b) the short period of time since the Programme began. The training provided so far has contributed to underpin and improve the theoretical understanding of the petroleum sector, but the lack of more advance and practical, hands-on training means that institutions like OSHA or NEMC have not had the chance to apply such recently acquired knowledge. Without the possibility of building on the theoretical training by honing these newly-acquired skills, the positive impact of training is almost negligible.

The two areas where more progress, in terms of completion of activities has been made, namely Policy Petroleum (2.1) and Formulation of Legal Strategy Group (4.2.1) present different scenarios, though. In the former, although six out of the seven activities have been completed, it is impossible to advance any suggestions about potential impacts because

the only activity not completed yet – PCC prepares a final draft policy document (4.1.7) is a make-or-break activity. If the result of it does not produced the expected positive results, it won't matter how well the rest of the preceding activities were implemented, and *vice versa*. On the contrary, the formulation and establishment of the LSG has a positive impact in itself – it means creating an inter-institutional space for dialogue, communication, discussion of issues related to policy design and implementation, and coordination. This is particularly relevant in a country like Tanzania where, following the traditional political uses, the design of public policies was the privilege of a group of very few selected individuals, rather than the result of open discussions and debates among institutions involved in a sector.

As the Change Matrix showed, what the Programme really does have is plenty of positive potential. The combination of work done at individual and sector level has set strong foundations for the future of the Programme, provided that this work is complemented by activities aimed to strengthen the institutional capacity of local partners – that is, a more decisive approach to hands-on capacity building is required.

### **Key messages**

The evident lack of positive impacts at this stage of the Programme is not only the consequence of the low level of implementation of the activities programmed. It also has to do with the fact that many of the activities included at this phase are not intended to have a positive impact on the sector, but to prepare the terrain for other future activities to be successful, by creating arenas where public actors can dialogue (activities under 4.2.1 section), developing baseline for resource management (activities under 2.3 Resource Management) or assess needs on IT (4.2.6.2) just to name a few. In other words, the lack of impact is also a direct consequence of the inception nature of the work carried out to date.

## **5.5 Sustainability**

Sustainability is concerned with measuring whether the benefits of an activity are likely to continue after donor funding has been withdrawn. In the case of the OfD Programme, as explained in the previous section, the fact that most of the activities have not been completed yet not only makes difficult to analyse the impact of these activities but also to explore how to make them more sustainable. The fact that most of the activities completed are those defined as “Inception Activities” does not help either to explore this aspect of the evaluation. In this regard, and following the suggestions provided by the TOR of this project, during the fieldwork it was discussed whether the Programme had assessed or implemented measures in order to guarantee the sustainability of the results obtained. The information collected was an evidence of what really matters to the actors involved in the Programme is its present – whether it delivers or not the promised results, rather than its future. In other words, without results first, sustainability is a mute issue.

In any case, experience shows that the best guarantee of sustainability for a project like OfD is the fact that recipients of training and capacity building find their newly-acquired skills useful for the daily works. If this goal is achieved, then no further sustainability measures are usually required. The case in Tanzania cannot be more different. Institutions like TPDC and MEM described the training received as “shallow”, and therefore are not likely to apply. While OSHA and NEMC found training much more relevant in relation to their needs, the fact that they didn’t have the opportunity yet to put this knowledge and skills into practice means that this capacities have a clear “use-by” date. This, putting knowledge into use, is the main challenge and objective of the Programme as today.

***Key messages***

A review of the training provided so (a) to make it more relevant to those actors receiving it; and (b) to provide a smoother transition between theoretical and practical knowledge is the best way to guarantee the sustainability of training-oriented activities. The case of OSHA who, after receiving training on the petroleum sector several months ago has not had yet the opportunity to put this knowledge into practice, is a good example of that. At this stage, the perceived value of the training provided by OfD is quite limited. Changing this perception is the first step to make the results of the Programme more sustainable.

## 6 Conclusions and Recommendations

The term “path dependence” is often used in economics to explain how the set of decisions one faces for any given circumstance is in turn limited by the decisions one has made in the past, even though past circumstances may no longer be relevant. The analysis carried out during this MTR shows how negative path dependence is clearly a key element to explain the development of events around the OfD Programme in Tanzania. In the view of this, the main goal of this MTR is to understand how this path dependence was created in the first place and how their negative effects can be neutralized. Even more importantly, the aim of this evaluation process is to provide suggestions on how the foundations for more positive path dependence can be established, and with it, the creation of virtuous cycles that may eventually lead to improvement in the management of the petroleum sector in Tanzania.

The analysis carried out shows clear signs of underperformance when the results of the OfD Programme are explored. An important number of activities are delayed or at a clear risk of suffering delays. Some of the activities carried out so far, mostly in the area of training, have not produced the expected results for different reasons, and the level of satisfaction of actors receiving them is not very high, particularly in the case of TPDC and MEM. Beyond what cold figures say about the levels of completion of activities or the outputs of the Programme, the atmosphere around it is one of undisguised disappointment, both on the Norwegian and Tanzanian sides. It can be argued (and surely different actors will have a different opinion about it) whether this is justified or not, but the truth is that the gloomy perception around the Programme is a reality. In a nutshell, it could be said that the Programme is at a cross-roads right now, and depending on the decisions that may be made during the next months, the course followed of the Programme may substantially vary in one direction or other.

A lot of emphasis during this MTR has been put in exploring how negative path dependence around the Programme was created in the first place. For that reason, a systemic assessment examining interconnectivity of the various elements has been fundamental to the analysis carried out. Three main clusters of elements affecting the design of the Programme, the organizational and decision-making structure around it, and the management systems have been identified as the core elements behind the performance issues. While each of these factors can be explained and analysed in terms of its own weaknesses or impacts, the systemic impacts and how they ‘conspire’ with each other to debilitate the project are critical to developing integrated solutions to the current issues. Around this core of issues, other elements like the real or perceived lack of commitment and/or engagement of some local actors, or the difficult interaction of Zanzibar agents within the Programme, have only contributed to strengthen negative path dependence.

In order to propose corrective measures, it is essential to understand how the various stakeholders’ participation can be co-dependently addressed. In the same way that it is not possible to identify a single factor as the key trigger for the level of underperformance of the Programme, the way forward cannot be based on individual actions. Instead,

systemic solutions to strengthen the project need to be put in place so to deal more efficiently with the complex set of interrelated triggers.

Among others, these triggers include:

- The lack of an Inception Phase during which various weaknesses and/or 'gaps' in and around the Programme could be identified, so they could inform the work plan and be subsequently better addressed by the activities implemented.
- The absence of an integrated management tool that outlined clear measurable 'SMART' objectives meant that there was no formal mechanism to measure success and identify deficiencies that could then be acted upon.
- The delay in the conducting and reporting on the training needs assessment (TNA) meant that the training needs of local partners were not entirely incorporated into the design of the training activities.
- A generalist risk assessment without any connection to day-to-day management activities meant that the responsible of the Programme were often in the dark in relation to the likelihood of problems arising and the possibility of developing early preventing measures.
- The absence of a well-defined operational reporting line between the RPC and the RNE meant that the latter, had a deficient level of formal access to regular flow of information in to the context of an accountable reporting process. This fact, together with the absence of dedicated capacity at the RNE resulted in (a) a perceived lack of leadership on the side of the Embassy; and (b) the deepening of the inconsistencies between the functions and responsibilities of the RPC – for example it was repeated a few times in consultation with the RNE and Norad that the RPC de facto prepares the annual meeting report which results in the Norwegian counterparts critiquing a report prepared by the NPD representative on behalf of the MEM – a seemingly inappropriate situation.
- The lack of TOC and LF, combined with the lack of M&E has resulted in weak risk management.
- The perceived lack of commitment and engagement on some of the actors on the Tanzanian side is a symptom of deeper problems that go beyond the fact that the Programme is not paying DSAs. Lack of trust together or the fact that training is perceived as shallow by key institutions such as TPDC or MEM are some of the elements that contribute to make relationship more difficult than expected. However, a reduced level of meritocracy within Tanzanian institutions also mean that training, no matter how relevant it may be, represents little added value to those receiving it.

One of the key findings of this MTR is the fact that the Programme has indeed a strong inception component. Thus, many of the activities programmed do really have a preparatory nature. In other words, they are not results-oriented, in the sense of contributing to achieve the objectives of the Programme, but to prepare the terrain for other activities to later do it. In this regard, understanding the gap between what the Programme

really is and how is perceived is critical to comprehend the atmosphere of underperformance around it.

With all these elements in mind, it is also important to highlight the positive results achieved by the Programme, in particular those related to the development of the legal framework in the petroleum sector, as explained in Section 2.7. The progress made in this area is critical for an adequate management of the sector in the long-term. This progress, without any doubt, constitutes one of the cornerstone over which further cooperation between Norway and Tanzania must be built up, as explained in Section 4.3, in order to fulfil the potential of the Programme.

The analysis carried out with Change Matrix exposes positive evidence about the prospects of the Programme, though. In particular, the combined work carried out at individual and sector level (with particular emphasis on the positive development of the regulatory framework) have the potential to really introduce important changes in the management of the petroleum industry, provided that these actions are supplemented by improvements in the capacity of public actors involved.

In order to fulfil this potential, other triggers need to be addressed, namely:

An Integrated Management Tool: Introduce an integrated management tool to enable more effective and proactive management of both the programme and the risks facing it.

A simpler but more cohesive structure: the first issue is to address the important but confusing role of the RPC to ground the role where the action is and ensure the RPC supports the RNE more functionally. In addition, the overall structure needs to be streamlined with a more transparent but less convoluted decision making process to enable a more direct operational engagement between the counterparts whilst keeping the management control over the programme centralised around the cooperation agreement with an RPC operating out of the RNE.

Inclusion of Zanzibar in the Programme: a specific work plan of activities and related allocation of budget to support Zanzibar but in an integrated manner such that it does not reinforce a silo mentality but an integrated approach that promotes information sharing and mutual cooperation to strengthen the overall oil and gas sector from a regional perspective. Considering the assertion by the Zanzibar stakeholders that they will continue with capacity building “on their own” should support be slow in materialising, there is an urgent need to increase the involvement of the RNE in proactively engaging with the Zanzibar authorities and to increase the focus of the RPC to coordinating the Zanzibar activities with the Norwegian counterparts.

A more collaborative approach to capacity building: Greater consultation and incorporation of the needs of the Tanzanian counterparts in the design and execution of the capacity building that reduces irrelevant training and, and, as repeatedly recommended in the TNA, increase the on-the-job (OTJ) training aspects to build sustainable capacity and effect more visible skills transfer with increased attention to the needs of the MEM and TPDC as they manage the sector’s policy framework and if they are dysfunctional then the work of OSHA and NEMC are virtually sterilised.

Transparent application of overhead reimbursement policies: The overheads related to the more collaborative and imbedded capacity building approach will have to be negotiated to ensure a balance between the expectations of the local counterparts and the affordability for the programme. The trade-offs that result will need to be carefully recorded to avoid recriminations later – e.g. selection of candidates for OTJ training will have to be more rigorous to ensure that the capacity of the organisation will in fact benefit from the capacity building of the individual as outlined in the matrix. This is in turn dependent on the integrated management tool to monitor and evaluate whether the capacity building is in fact having the desired outcome at an organisation and sector level.

However, the first step to introduce these changes is something much urgent – it is necessary to create better, more efficient spaces for communication and coordination with local partners, based on an honest, open dialogue. Without it, no reform in the structure or the management of the OfD Programme in Tanzania will achieve the desired results.



## Annex A Terms of Reference



ROYAL NORWEGIAN  
MINISTRY OF FOREIGN AFFAIRS

# INVITATION TO TENDER

## CONSULTANCY SERVICES “MID-TERM REVIEW OF THE OIL FOR DEVELOPMENT (OFD) PROGRAMME IN TANZANIA”

**CASE NO. TAN-11/0047**

**DATE:** 17.12.14

The Norwegian Public Procurement Act of 16 July 1999 No 69 and Part I of the Norwegian Public Procurement Regulations of 7 April 2006 No 402 apply to this contract.

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### • GENERAL INFORMATION

Royal Norwegian Embassy in Dar es Salaam, hereinafter referred to as the Contracting Authority, is inviting participation in a tender procedure to establish a contract for consultancy services in connection with conducting a mid-term review (MTR) of Norway’s Oil for Development Programme in Tanzania “Institutional Cooperation in the Upstream Sub Sector”.

If the Contracting Authority so wishes, negotiations may be opened.

The tentative schedule for the procurement process is:

Activity	Time/Date
Invitation to tender sent to specific suppliers	17.12.14
Deadline for receipt of questions	09.01.15 at 12:00 hrs (UTC+3)
Deadline for responses to questions	13.01.15 at 12:00 hrs (UTC+3)
<b>Deadline for receipt of tenders</b>	15.01.15 at 12:00 hrs (UTC+3)
Notification of award	22.01.15
<b>Contract signature</b>	29.01.15

Expiry of tender validity period (tenders remain open for acceptance for 35 days after the deadline for receipt of tenders)	19.02.15 at 12:00 hrs (UTC+3)
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All questions and enquiries regarding this invitation to tender are to be submitted by email to Mr. Svein Olav Svoldal [svos@mfa.no](mailto:svos@mfa.no) and Ms. Ida Aronsen [iaro@norad.no](mailto:iaro@norad.no).

Complete tenders must be in English and must be delivered electronically to: [emb.dar@mfa.no](mailto:emb.dar@mfa.no). In the subject field of the email, write:

“Tender, TAN-11/0047 MTR OfD Tanzania”

Tenders must be structured as shown below, divided into the chapters shown and in the sequence stated:

- 0. Signed tender letter;**
- 1. Documentation of fulfilled qualification requirements chapter 3,1;**
- 2. Reply to tender documents’ chapter 4 – award criteria, incl. documentation of fulfilled qualification requirements chapter 3,2;**
- 3. Reservations.**

Opening will not be public. The tenders are expected to be opened immediately after the expiry of the deadline for tenders. After opening, the Contracting Authority will evaluate the tenders received against requirements and the award criteria. All tenderers will be notified in writing by email when a decision has been made on the award of contract. The Contracting Authority will not return the tenders of tenderers who are not selected.

#### • ABOUT THE CONTRACT

#### ○ DESCRIPTION OF THE SERVICES REQUIRED

##### ▪ BACKGROUND

#### • THE OIL FOR DEVELOPMENT PROGRAMME

The Oil for Development (OfD) programme, launched by the Norwegian government in 2005, offers transfer of knowledge to developing countries asking for advice on how to manage their petroleum resources. In collaboration with partner countries, the OfD programme targets poverty reduction through responsible management of petroleum resources. Three main outcomes define the work of the programme:

1. Policy makers set goals, define, and assign responsibilities. Sound policies and legislation must be established, and the responsibilities should be organized in a manner that ensures oversight and minimizes conflict of interest and duplicity of effort. The OfD programme provides support in developing the capacity necessary to establish the policies and the legal framework governing the petroleum sector.
2. The authorities regulating the petroleum sector carry out their assigned responsibilities. Authorities must have the capacity and resources to carry out the responsibilities as

defined in the legal framework. Support for capacity development covers a broad range of issues related to the management of the petroleum sector and is provided through on-the-job training, workshops, delegation visits etc.

3. Policy makers and regulatory authorities are held accountable for their management of the petroleum sector. Parliamentary committees, civil society organizations and the media are crucial in holding the executive body to account. In order to perform a meaningful role, these actors must enjoy independence, have relevant competence and capacity, as well as access to information about the petroleum sector. In dialogue with partner institutions, the OfD programme suggests measures for transparency in institutional frameworks and in their implementation.

The main approach of the OfD programme is support for capacity development through institutional collaboration. This involves Norwegian public institutions entering into long-term cooperation agreements with public institutions in partner countries. In 2014, the programme is cooperating with 15 countries in Africa, Asia, Middle East and Latin America. Further information about the OfD programme can be found on Norad's website: <http://www.norad.no/en/thematic-areas/energy/oil-for-development>

- THE OIL FOR DEVELOPMENT PROGRAMME IN TANZANIA

The bilateral cooperation agreement between Tanzania and Norway establishing a three-year OfD programme (hereafter the Programme) was signed in March 2012 and it became operational in February 2013 with the signing of the institutional cooperation contract between the Ministry of Energy and Minerals (MEM) in Tanzania and the Ministry for Petroleum and Energy (MPE) in Norway. The Programme ends in December 2015, however a new phase of the cooperation is currently being assessed. Zanzibar's envisaged level of autonomy in the petroleum upstream matters set the basis for its participation in the Programme.

The Goal of the Programme is to achieve "Economically, environmentally and socially responsible management of petroleum resources which safeguards the needs of future generations in Tanzania." The following seven expected outcomes have been identified:

1. Petroleum policy document approved providing the government and the industry a framework and predictability for management of the petroleum sub-sector.
2. Legal, regulatory and institutional framework for the resource and environmental management improved providing the government and industry a framework and predictability for management of the petroleum sub-sector.
3. Knowledge, institutional competencies and regulatory capacities for the resource management of the upstream petroleum sub-sector strengthened.
4. Knowledge, institutional competencies and regulatory capacities for the environmental management of the upstream petroleum sub-sector strengthened.
5. Procedures established and institutional competencies and capacities strengthened for management of Health, Safety, Working Environment and Security issues in the upstream petroleum sub-sector.

6. Data management systems and procedures developed that gives the government a tool to manage and communicate with stakeholders within the petroleum sub-sector.
7. Human resources developed to enable increased local content and government institutions attain competent personnel.

The Programme is implemented through activities based on twinning arrangement between Tanzanian and Norwegian institutions. The following institutions are involved:

- In Tanzania
  - Ministry Energy and Petroleum (MEM)
  - Tanzania Petroleum Company (TPDC)
  - Vice President Office (VPO)
  - National Environment Management Council (NEMC)
  - Ministry of Labour and Employment (MLoE)
  - Occupational Safety and health Agency (OSHA)
  - Ministry of Lands Housing Water and Energy (MLHWE) Zanzibar
  
- In Norway
  - Ministry of Petroleum and Energy (MPE)
  - Ministry of Climate and Environment (ME)
  - Norwegian Environment Agency (NEA)
  - Petroleum Safety Authority (PSA)
  - Norwegian Petroleum Directorate (NPD)
  - Norwegian Coastal Administration (NCA)

The implementation of activities are organized through seven thematic working groups. According to the agreement, MEM in Tanzania is the implementing agency, responsible for coordination of programme activities. MEM is supported by a Resident Programme Coordinator through NPD. More detailed information on the organisation and decision-making structure in the Programme will be provided to the Consultant.

- **COMPLEMENTARY ACTIVITIES TO THE PROGRAMME**

In addition to the institutional cooperation mentioned above, there are several additional activities funded by Norway (the Embassy and Norad) relevant to the petroleum sector and the Programme. This includes the following:

First, relevant natural resource revenue management activities are conducted under the institutional cooperation between Tanzania Revenue Authority (TRA) and Norwegian Tax Authority (NTA), as well as assistance to a broader group public institutions (coordinated by TRA) related to tax models and fiscal regimes for natural resources. Furthermore, relevant activities are implemented under the multi-bilateral cooperation with IMF. Finally, there is an ongoing dialogue with the Office of the General Auditor in terms of possible institutional cooperation with Tanzania on public auditing related to petroleum. However, the OfD-programme does not directly include a revenue management component.

Second, a range of stakeholders relevant to strengthening accountability and transparency in the petroleum sector are receiving support. This includes among others the following:

- Cooperation between the Tanzanian research institution REPOA and Chr. Michelsens Institute in Norway in collaboration with National Bureau of Statistics on a five years research project “Tanzania as a Future Petro State”;
- Financial support to Tanzania Extractive Industries Transparency Initiative (TEITI);
- Financial support to projects implemented by three international NGOs, namely Natural Resource Governance Institute, Oxfam America and Thomson Reuters Foundation aiming at capacity building for civil society, media and parliament;
- Financial support to projects implemented by one Norwegian NGO, namely World Wildlife Fund Norway;
- Cooperation between the University of Dar Es Salaam and the Norwegian University on Science and Technology on developing petroleum engineering disciplines in Tanzania; and

Finally, Norway is also providing support to the development of the power sector in Tanzania, including The Tanzania Electric Supply Company (TANESCO), Rural Energy Agency (REA) and Zanzibar Electricity Company (ZECO)

#### ▪ PURPOSE AND SCOPE OF WORK FOR THE SERVICE REQUIRED

The purpose of the MTR is to assess achievements made so far in the Programme, including documenting lessons learned. Based on the analysis made on what has worked well/not well and why, the MTR shall provide concrete recommendations on how to improve results achievement within the remaining Programme period. Also, the report shall identify key success factors and lessons learned to provide recommendations for improvements in a potential new phase of the cooperation.

The review shall be based on OECD’s DAC Criteria for Evaluating Development Assistance. The criteria of Effectiveness, Efficiency and Relevance shall be the key focus areas in the review, in particular identifying the underlying causes for the current status in the Programme. In order to indicate priority, a suggested number of pages in the report are provided per criteria.

1. Relevance (4-5 pages) – the extent to which the Programme, in particular focusing on its set-up and focus areas, is in line with priorities and target groups’ accurate needs. The issues to be assessed include, but is not limited to, the following:
  - a. Relevance to the needs of the involved Tanzanian institutions both mainland and Zanzibar as emerging petroleum producers, including an assessment of whether the appropriate/relevant institutions are involved in the Programme;
  - b. Responsiveness/flexibility of the Programme to the changing needs in the dynamic petroleum sectors in Tanzania mainland and Zanzibar.

2. Effectiveness (12 pages) – the extent to which the Programme is achieving its objectives. The issues to be assessed shall include, but is not be limited to, the following:
  - a. An assessment of the achievements made so far, including an assessment of planned versus actual activities and reasons for deviations;
  - b. An assessment of what extent the results framework and Programme set-up facilitates achievements of the objectives in the Programme;
  - c. Identify factors affecting effectiveness in Programme implementation, including the choice of modality in planning and implementation of activities, the role of the Resident Programme Coordinator, and ownership to the Programme at the appropriate level in Tanzanian institutions;
  - d. Assess and comment on how the Programme has cooperated with other stakeholders (such as other related projects, donors and civil society) who are involved in the sector or sectors relevant for the success of the Programme.
  - e. Assess risk management, including whether the appropriate risk factors and mitigating actions have been identified and how these have been followed up and integrated into the planning and implementation of activities.
  
3. Efficiency (8 pages) – an examination of the Programme outputs – qualitative and quantitative – in relation to the inputs. The issues to be assessed include, but is not limited to, the following:
  - a. Assess the set-up and actual Programme management, including the relationship between Tanzanian and the Norwegian institutional partners, the role of the Resident Programme Coordinator, level of capacity and ownership/commitment in implementation of activities within both the Tanzanian and Norwegian institutions;
  - b. The use of resources in the Programme, including an assessment of cost-effectiveness, use of per-diems and allowances and finally value for money;
  - c. Review the administrative arrangements, including whether reporting on progress in implementation of activities as well as reporting on expenditures have been timely and of satisfactory quality;
  - d. Brief assessment of how gender and anti-corruption issues have been integrated into the planning, implementation and monitoring of Programme activities.
  
4. Impact (1 page) – the positive and negative changes produced by the Programme directly or indirectly, intended or otherwise. The issues to be assessed include, but is not limited to, the following:
  - a. Brief assessment of the (likely) impact of Programme activities in Tanzanian institutions and in the petroleum sector.

5. Sustainability (2 pages) – intended to measure whether the benefits of an activity are likely to continue after donor funding has been withdrawn. The issues to be assessed include, but is not limited to, the following:
  - a. Assess measures taken or planned to be taken in order to create long-term processes, structures and capacity in the cooperating institutions in Tanzania mainland and Zanzibar (to the extent appropriate on the latter); and
  - b. Assess measures taken or planned to be taken in order to create long-term processes, structures and capacity in the petroleum sector in Tanzania and Zanzibar.

The review may also address other issues the Consultant believes are of importance to the Programme.

- **LITERATURE REVIEW AND FIELDWORK**

The review shall be carried out through studies of available documentation, both general documents and Programme specific documents, and through interviews with representatives of relevant stakeholders in Norway and Tanzania. Norad and the Contracting Authority will assist in the provision of relevant documents and reports.

The Consultant will be provided with a list of suggested institutions and contact persons to be interviewed. The selected interviewees shall receive a written request outlining the purpose of the review and the main issues to be discussed in due time before the interview is conducted. The Consultant will contact the relevant stakeholders in Norway directly, while the Resident Programme Coordinator will assist in contacting the relevant stakeholders in Tanzania.

Fieldwork in Tanzania and Zanzibar is estimated to last for approximately 2 weeks, including travel days. Minimum two people shall conduct the fieldwork. The Consultant team shall have an introductory meeting with the Contracting Authority on arrival to Dar Es Salaam, in addition to a debrief meeting in order to present preliminary findings before leaving Tanzania. The Contracting Authority may invite other stakeholders to the debriefing meeting. A written debriefing note shall be submitted to the Contracting Authority upon the meeting (with Norad copied).

The final dates for the fieldwork are to be agreed upon with the Contracting Authority (in consultation with MEM). The list of relevant stakeholders to be consulted (by personal meetings and/or telephone interviews) includes, but is not limited to, the following:

- Interviews with representatives at different levels in Tanzanian cooperating institutions, including members from the thematic working groups;
- Interviews with representatives in Norwegian implementing institutions, including the Resident Programme Coordinator;
- Key staff at the Royal Norwegian Embassy in Dar es Salaam, the Norwegian Ministry of Foreign Affairs and the Oil for Development Secretariat in Norad;

- Selected other donors and civil society organisations engaged in the sector, including relevant organisations receiving Norwegian support such as IMF, NTA, TRA and CMI/REPOA

- **ESTIMATED WORKLOAD AND TENTATIVE TIMEFRAME**

The estimated workload of the assignment is 550 man-hours. Approximately 40 percent input from the Team Leader (senior consultant) and a total of 60 percent input from a junior consultant and a local partner is expected. The actual amount of man-hours will depend on the division of labour between the team members, as well as the rate of the local consultant. Travel time is included in the estimated workload.

It is preferred that the assignment is conducted sooner than later. Hence, the date of submission of a high quality draft report is part of the award criteria “proposed solution for the service required”

- **REPORTING**

Inception report and inception meeting

No later than 2 weeks after contract signature, and in due time before the field visit, the Team Leader shall present an inception report to the Contracting Authority and Norad. As a minimum, the inception report shall consist of the following:

- Outline/table of content/structure of the report;
- Description of methodology and research design;
- Preliminary list of references for the literature review;
- Preliminary list of interviewees and outline of the interview guides;
- Final implementation plan for the fieldwork including a detailed timeline; and
- Final detailed budget, separated into inception work, fieldwork, report writing and finalisation of assignment – per team member.

In addition, the Consultant shall present the inception report at an inception meeting to be conducted with the Contracting Authority and Norad. The inception meeting may take place as a skype/telephone meeting. In general, it will be important for the Consultant to keep a close dialogue with the Contracting Authority and Norad during planning and implementation of the Assignment.

- **DRAFT AND FINAL REPORT**

The main deliverable of the review exercise is the final report with an executive summary. The report should cover the key review issues outlined in chapter 3.2.1. It should describe the methodology used and highlight any methodological limitations, identify key concerns and present evidence-based findings, conclusions, recommendations and lessons learned, as further described in the same chapter. Reporting language will be English and the report should not exceed 35 pages (excluding executive summary and annexes).

The Consultant Team will share a draft report of high quality with MEM, the main counterparts and the Contracting Authority (including Norad) no later than 26.03.15, with a minimum of 10 working days for comments. The proposed adjustments shall be carefully



reviewed and comments shall be taken into consideration in preparing the final version of the report. The final report shall be submitted 10 working days later for the Contracting Authority's final approval and no-objection. The Assignment must be finalised no later than 30.04.15.

The Contracting Authority will be the sole owner of the report and its content, and will hold the right to share and publish it. The Consultant will not have the right to publish the report, nor any of its content, without the contracting authority's permission in writing.

#### ○ PRESENTATION OF FINAL REPORT

As part of the Assignment, the findings and conclusions will be presented by the Team Leader to Norad in Oslo, and by the local consultant to the Contracting Authority, including MEM and other counterparts. To whom and at which date will be decided later, but it is likely to take place before the Assignment can be finally approved and should be included in the overall budget.

#### ▪ OPTION

In addition to the MTR described above, this assignment includes an "Option" to engage the Consultant (the same team members utilized for the MTR) in conducting an (*extended*) appraisal of the Programme Document of a potential new phase of the OfD Programme in Tanzania. The appraisal shall be based on the findings in the MTR as well as new documentation, and assess and provide recommendations appropriate measures for achieving results, including the selection of focus areas, programme set-up, results framework, choice of programme design and delivery models, as well as risk management and mitigation measures.

To which extent the option will be utilized depends on the completion and approval of the MTR as well as the progress in the dialogue with Tanzanian cooperation partners.

A detailed Terms of Reference, if the option is exercised, will be developed in dialogue between the Contracting Authority, Norad and the Consultant. The different price elements provided according to the first award criteria "Price" under chapter 4 will be important in terms of defining this item.

The appraisal assignment is expected to be conducted during 2015, and the option is estimated to 300-500 man-hours (i.e. 400) including one travel to Tanzania per team member. Although the same team members as for the MTR will be required, it should be possible to balance their level of input differently than when conducting the MTR assignment (i.e. more input from senior consultant). It is assumed that the appraisal assignment may have a greater share of deskwork relative to fieldwork than the MTR assignment.

#### ○ CONTRACT TYPE

The following standard contract will be used: Consultancy Assignment Agreement.

## • **CONDITIONS FOR PARTICIPATION**

### ○ **MANDATORY DOCUMENTATION**

Norwegian tenderers (i.e. tenderers with a Norwegian business enterprise organisation number) must submit tax and VAT certificates certifying that they do not owe any taxes (“skatteattest” and “skatteattest for merverdiavgift”) issued by the tax authorities in the municipality where they have their head office. The two certificates must be issued (dated) less than six months before the deadline for receipt of tenders.

Signed “Declaration of good conduct”, Appendix 1.

### ○ **QUALIFICATIONS OF THE CONSULTANT TEAM**

The Consultant team should be a mix of local-based and international experts. The team should have the following qualifications:

- A strong grasp of the theory and practice of development cooperation, including minimum 5 years’ experience with project/programme review and design in development cooperation (qualitative and quantitative evaluation methods, institutional assessment, studies of cost-effectiveness, needs and risk assessments);
- In depth knowledge of the petroleum sector (i.e. five 5 years’ experience);
- Familiarity with the energy sector in Eastern Africa in general and Tanzania in particular (i.e. 5 years’ experience);
- Knowledge of the Oil for Development programme is an advantage;
- Strong English language skills; and
- Occupy no conflict of interests in terms having implemented activities under the current OfD programme phase in Tanzania

## • AWARD CRITERIA

The tenders will be ranked on the basis of an overall assessment of compliance with the award criteria in order to determine which tender is the most economically advantageous. A scoring scale of 1-10 is used.

Award criteria	Weight in % (total sum is 100%)
<p><b>Price</b> The supplier shall give a fixed price for the main consultancy assignment (the MTR) and the Option (appraisal) separately. The price shall be given in NOK exc. VAT and include all elements including travel/transport costs. The fixed price for the Option-item shall be based on an estimation of 400 man-hours and other specifications given under chapter 2.1.3.</p> <p>In addition, the supplier shall (for both items separately) also specify the different price elements in NOK exc. VAT, such as hours per consultant, hourly rate per consultant, and travel/accommodation expenditures etc.</p>	30 %
<p><b>Expertise specific to the service required</b> The supplier must describe each of the offered consultant's relevant competence and experience, in accordance with chapter 2 and chapter 3. The supplier must submit CV's (of maximum 3 pages each) for each offered consultant to document the described competence and experience.</p>	45 %.
<p><b>Proposed solution for the service required</b> The supplier shall submit a description of the proposed solution, in accordance with chapter 2, with a detailed work and progress schedule (the time required to share a high quality report according to chapter 3.1.2.3 will be part of the assessment of this award criteria). Replying to the award criteria should also include an assessment of risk factors and a progress plan.</p>	25 %

## Annex B List of meetings fieldwork

### List of Interviews for Midterm Review of OfD Program-Tanzania

17<sup>th</sup> February-20<sup>th</sup>March, 2015

Date	Name	Position	Institution
Tuesday 17/02/2015	Frank Eklo	Key Contact NEA	Norwegian Environmental Agency
Tuesday 18/02/2015	Vegard Pedersen	OfD Country Coordinator	NORAD
Wednesday 18/02/2015	Mona Wahlen	Oil for Development Resident Program Coordinator (RPC), Tanzania	Institutional Cooperation Program- Tanzania and Norway
Wednesday 18/02/2015	Janssen Aslaug Eskeland	Program Manager	Norwegian Petroleum Directorate
Tuesday 10/03/2015	Mr. Silas O'Lang,	Manager, East and Southern Africa/Tanzania	Natural Resource Governance Institute (NRGI)
Tuesday 10/03/2015	Mr. Novati Kessy	Program Officer, Oil and Gas	World Wildlife Fund
Wednesday 10/03/2015	Mr. Omari Sama	Labour Officer, Head of Ministerial Delivery Unit-Big Results Now (BRN), and Member of Legal Strategy Group (LSG)	Ministry of Labour Youth and Employment Development (MLoEYD)
Wednesday 11/03/2015	Ms. Ruth Saabai,	Coordinator, Energy Development Partnership Group (EDPG)	Development Partners
Wednesday 11/03/2015	1. Eng. Benedict Mushingwe  2. Athumani Kwariko  3. Alice Swai	Executive Secretary Program Coordinator Legal Officer	Tanzania EITI
Wednesday 11/03/ 2015	Marie-Helene Cote	First Secretary (Development- Sustainable Economic Growth Team Leader)	Canadian High Commission
Thursday 12/03/2015	1. Dr. A. V. Kayumba  2. Ramadhan Msimbira  3. Dr. Abdusalam Omary	Chief Executive Officer (CEO)  Acting Manager, Occupational Safety  Acting Manager, Occupational Health	Occupational Safety and Health Agency (OSHA)

	4. Alexander Ngata	Director, Occupational Health and Safety	
Thursday 12/03/2015	Mona Wahlen	Oil for Development Resident Program Coordinator (RPC), Tanzania	Institutional Cooperation Program- Tanzania and Norway
Friday 13/03/2015	Ida Aronsen	Senior Adviser, Oil for Development	NORAD
	1. Dr. Robert Ntakumulenga  2. Glory Kombe  3. Natty Rose Sallema  4. Flora Akwilapo	Director, Environment Compliance and Enforcement (DECE)  Senior Environment and Coordinator for OfD Thematic Group  Environmental Officer  Environmental Officer	National Environment Management Council (NEMC)
Wednesday 11/03/2015	1. Eng. Omari Athumani  2. Angela Uforo  3. David Mwankenja	Principal Policy Analyst  Senior Economist  Senior Economist	President's Office Planning Commission (POPC)
Tuesday 17/03/2015	1. Lars Troen Serensen  2. Anders Kullerud  3. Are Lysnes Brautaset	Chief Financial Officer  Manager People and Organisation  (Advocate) Head of Legal Affairs	Statoil
Tuesday 17/03/2015	1. Dr. Emma Msaky  2. Danstan Asanga	Acting Director of Exploration and Production  Petroleum Engineer and TPDC Coordinator for OfD Program	Tanzania Petroleum Development Corporation (TPDC)
Tuesday 17/03/2015	1. Geir Hermansen  2. Svein Olav	Counsellor  Country Economist	Royal Norwegian Embassy
Wednesday 18/03/2015	1. Adam Zuberi	Principal Petroleum Geologist I and OfD Program Director	Ministry of Energy and Minerals

	2. Stanley Marisa	Program- Tanzania Deputy Chairman, OfD Program- Tanzania	
Wednesday 18/03/2015	Ida Aronsen	Senior Adviser, Oil for Development	NORAD
Wednesday 18/03/2015	Justin Williams	Policy Adviser	DFID
Thursday 19/03/2015	Mona Wahlen	Oil for Development Resident Program Coordinator (RPC), Tanzania	Institutional Cooperation Program- Tanzania and Norway
Thursday 19/03/2015	Ida Aronsen	Senior Adviser, Oil for Development	NORAD
Friday 20/03/2015	Embassy Staff	Debrief/ Wrap up of Field-Phase of OfD mid-term review	Royal Norwegian Embassy
Monday 30/03/2015	1. Ali Khahil Mirza  2. Ali Bakar  3. Mohamed Mohamed	Permanent Secretary, Zanzibar  Petroleum Engineer, Zanzibar  Director, Energy Department, MLHWE, Zanzibar	Ministry of Lands, Housing, Water and Energy (MLHWE )
Friday 08/04/2015	1. Janssen Aslaug Eskeland  2. Frank Eklo  3. Vegard Pedersen	Program Manager  Key Contact NEA  OfD Country Coordinator	Norwegian Petroleum Directorate  Norwegian Environmental Agency NORAD