



Tanzania Joint Programme Evaluation 2004-2010

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Introduction

S1 The Tanzania Joint Country Programme Evaluation (CPE) was a five year retrospective evaluation of the UK Department for International Development (DFID) and Ireland's Irish Aid country programmes in Tanzania from 2004/05–2009/10 with an emphasis on the period from 2007–2010. It assessed the relevance, effectiveness and impact of DFID and Irish Aid's programmes and their added value as development partners (DPs).

S2 The focus of the Joint CPE was on evaluating two programmes with large commitments to budget support (BS) and similar policy commitments, as articulated in the Irish Aid 2007 Country Strategy Paper for Tanzania and the DFID 2007 Country Assistance Plan. Particular account was taken of Tanzania's 2005 National Strategy for Growth and the Reduction of Poverty (MKUKUTA), on which the BS programme is currently based.

S3 Both DFID and Irish Aid channel about 80% of funds through government systems with a strategic focus on poverty reduction. Irish Aid has a mix of general budget support (GBS) and sector programme funding whereas DFID devotes the major share of its assistance to GBS. DFID has relatively fewer staff, spending four times as much as Irish Aid but having only twice as many staff.

Development Results 2005-2010

S4 Tanzania has maintained the progress achieved in its development results since 2001. Growth has exceeded 7%, aside from 2009 (5%), though there has only been a marginal decrease in income poverty which has been overwhelmed by population growth. Most growth has been the result of public sector investment with little impact on incomes to date.

S5 There have been remarkable achievements in education and health made possible by a substantial roll-out of social services as a result of the increased public spending since 2001. However the provision of

infrastructure has advanced faster than the provision of qualified staff which has led to supply side issues that restrict the expansion of quality services.

S6 Results in terms of reforms are mixed. The pace of Public Sector Reform has been slow and reforms in Public Financial Management (PFM) stalled in 2007. The change from area based approaches to an overall reform approach has catalysed progress with Local Government Reform. The proportion of local government spending increased and responsibilities for key sectors have been transferred. Reform in the business environment effectively came to a halt.

S7 Overall there is evidence of continued improvement in development results, though at a slower pace. There needs to be more emphasis on income related growth, especially for the poor, alongside, but not instead of, the major increases in public sector investment.

Budget Support

S8 Tanzania has been at the forefront of the global moves to enhance the effectiveness and efficiency of external assistance through GBS. Since GBS commenced in 2000/01, support has grown with some 14 DPs now providing GBS.

S9 GBS contributed 18–20% of total public spending over the evaluation period enabling a dramatic expansion in service provision. It is inconceivable that such a significant contribution to spending in education, health, water and sanitation could have been made through other modalities. Transaction costs have remained manageable and disbursements predictable.

S10 Improvements in the quality and efficiency of services have not kept pace with the expansion in service provision. Inequities in allocations to disadvantaged districts persist though GBS has provided discretionary funds to high priority areas. All stakeholders have become more assertive in challenging government, particularly its budget proposals but lack of knowledge and understanding of budget processes and

decisions has limited their ability to influence outcomes. GBS has had limited impact on policy leverage.

S11 Since 2006, the GBS policy dialogue has become more challenging. In response to a perceived slowing of performance DPs tightened the application and interpretation of PRBS disbursement conditions. Monitoring focused on achieving conditions rather than open discussion of progress and constraints. The evaluation found evidence of a growing mistrust and loss of confidence, on the part of the Government of Tanzania (GoT) and its DPs as a result. Corruption scandals exacerbated the drop in confidence.

S12 Sector programme support has provided alternative entry points and enabled more balanced engagement. In health and agriculture, where common basket funds are in place, policy dialogue has been productive, benefiting the sector and the overall dialogue. Irish Aid played a leading role in both sectors combining strong sectoral support with strong GBS engagement.

Beyond the State

S13 The space for non-state actors has been limited. While cultural anxieties remain regarding their organisation, agency is increasing beyond the state and contributing to democratic governance and economic growth.

S14 Understanding the reasons for limited progress on reforms in agriculture, the private sector and trade requires an understanding of the dynamics of change and the role of different players. Uncertainty over the direction of private sector development has made it difficult for DPs to find catalytic entry points. Direct investment would be a more productive approach than linking private sector change exclusively to public sector interventions.

S15 DFID and Irish Aid have strong track records of support for civil society. The current use of intermediary arrangements has led to innovation, and the efficient and effective use of resources.

S16 Policy engagement is a political process of which GBS is but one part. Civil society has a much larger accountability, consultation and participation role at district level, with service users and through more tangible discussion and work with government outside MKUKUTA.

DFID and Irish Aid Strategy

S17 Both strategies show a consistency that pre-dates

the evaluation period, grounded in national policy commitments. Both have played key roles in promoting new thinking on aid modalities. DFID was instrumental in the early stages of GBS and continues to make significant contributions. Irish Aid has focused at sector level in agriculture and health and its leadership in gender and the One UN process.

S18 The strategies have been implemented efficiently, bringing increased resources in support of BS and overall development, and maintaining a strong DP consensus through contributions to the overall dialogue process.

S19 The growing level of domestic political interest is putting pressure on both offices to present their programmes and the results achieved. There are differing perceptions of the real nature of results' management with pressure for attributable delivery, leading to a tendency to manage by, rather than for, development results.

Key Lessons

S20 Economic growth and income poverty

- Growth is largely accounted for by public sector consumption involving a small proportion of the workforce. Aid, including BS, impacts on the non-income poverty results rather than income poverty.
- DFID and Irish Aid investments in agriculture, the private sector and other growth related areas through the public sector have had limited impact.

S21 Balance between BS and non-BS

- BS continues to be effective – it is supporting higher public spending in the right areas and consequent improvements in the scale and scope of public services.
- Sector programmes and basket funds provide complementary opportunities to focus at sector level, targeting equity, efficiency and quality, though results remain elusive.
- A balance of aid modalities, within the principles of alignment and harmonisation, enables innovation and flexibility that can enrich BS. Irish Aid has been successful in adopting this diversity across their portfolio.
- High commitments to BS limit the scope for direct investment in the private sector and civil society. Even with a strong state partnership there needs to

be sufficient space for non-state investment and interventions.

S22 **Aid architecture**

- Consistent and coordinated support through GBS reinforced GoT leadership and alignment to MKUKUTA.
- The GBS policy dialogue approach was overambitious and the emphasis on policy leverage and the use of policy conditionality did not yield intended results.
- When GBS dialogue structures become too complex and multi-tiered, with an undue focus on negotiation, the space for discussion and ideas exchange is reduced.

S23 **Management of large aid flows**

- GoT has managed the significant increases in aid (notably BS) and domestic income well.
- The increase in aid flows through GBS has not undermined GoT revenue efforts with domestic revenues growing faster, thus reducing aid dependency.
- Expenditures on agriculture, education, health, roads and water have grown significantly faster than other sectors, and the proportion of pro-poor expenditure has increased from 27% to 46% of the total.
- The difficulties are not with the scale of aid flows but with the equitable, efficient and effective delivery of services.

S24 **Scrutiny and accountability**

- Accountability requires information, understanding, platforms for articulation *and* processes and procedures that ensure decision makers listen and respond.
- The lack of understanding of budget processes and decision making constrains accountability to civil society and to elected representatives.
- Corruption is a growing constraint and is perceived as a major problem. However, knowledge about the scale, nature and impact of corruption is incomplete.

S25 **Internal capacity of country offices**

- Relatively small country programmes can make a substantial contribution. Irish Aid is appropriately structured and has made effective use of the linked diplomatic and development functions. However, in a small team, key vacancies can be critical.
- DFID has faced significant staffing reductions that put at risk its capacity to continue to deliver as strongly as it does, particularly given the increased expectation of technical coverage and reporting.

S26 **Vertical/central demands**

- Understanding by field and HQ of the respective reality arising from domestic political considerations at HQ and implementation of BS and Paris Principles at country level, could be improved. More mutual lesson learning around the reality of programme management would benefit both sides.
- Some discrepancy between reporting formats required by HQs and those available in common monitoring systems, collaborative working and Division of Labour within Tanzania, were noted by the evaluators.

S27 **HQ and country programme funding**

- The potential synergies between HQ and country programme funding are not being exploited by either agency, or their partners.

S28 **Perceptions of Irish Aid and DFID**

- DFID and Irish Aid are highly regarded by their peers for their programmes and the contributions they make; they are seen as strong advocates of BS within the DP group.

S29 **Cross-cutting issues**

- Gender, environment, and HIV/AIDS are often squeezed out in BS processes. DFID and Irish Aid are often the sole source of cross-cutting expertise; the challenge is to achieve more effective division of labour amongst all DPs.

Main Recommendations

Irish Aid and DFID in Tanzania should:

- S30 Promote a renewal of the BS dialogue architecture and process, rebuilding the relationship of trust with GoT together with:

- i. *a relative reduction in the scale of BS until the issues of quality, efficiency and equity in public spending are addressed;*
- ii. *a narrower agenda for dialogue focused on the GoT budget and service delivery, with information on the budget, spending, and results shared by GoT on a timely basis; and*
- iii. *a change in the disbursement arrangements to focus conditionality on eligibility conditions and avoid policy conditionality.*

S31 Propose that all reform programmes be reviewed and more effective means of providing support, alongside GBS, be discussed with GoT.

S32 Explore ways of opening up the space for understanding policy processes and options with GoT, including the use of technical assistance to promote policy research and dissemination.

Irish Aid in Tanzania should:

S33 Maintain the current effective mix of modalities, building on the sector and cross cutting roles it has established.

S34 Use its expertise, reputation and position in agriculture to strengthen the sector development programme, complementing it with support to agricultural development, direct initiatives and additional research through non-state channels.

S35 Prioritise its support in the health sector on building stronger synergies amongst DPs and the Ministry of Health with a focus on health outcomes and decentralisation of service delivery.

S36 Review the experience of building synergies between the diplomatic and development functions of the Embassy, so that future practice can be shared with other Irish Aid offices.

S37 Continue to develop its capacity for team working and collaboration, focusing in particular on cross discipline synergies and the contribution of Tanzanian staff.

DFID Tanzania should:

S38 Continue to prioritise GBS within its portfolio, focusing support for policy engagement with GoT and PFM, with a balanced programme, with sufficient space

for major increases in strategic support to non-state actors.

S39 Develop a more radical and substantive programme of direct support for private sector development (including agriculture) that provides significant funding to new industries and entrepreneurs, and addresses market access nationally, regionally and globally.

S40 Support GoT to undertake deeper analysis of the dynamics of poverty to address issues of equity in public expenditure and service delivery.

S41 Explore with other DPs and GoT the commissioning of work to advance a deeper understanding of the impact of corruption on the economy and the poor.

S42 Review its staffing to ensure a balance of expertise from staff appointed in the UK and Tanzania and prioritising skill and experience related to working in BS environments.

Irish Aid and DFID Headquarters should:

S43 Review their guidance and policy on BS:

- reaffirming GBS as a preferred aid modality for providing harmonised, country led, support to governments;
- promoting greater modesty over what it is reasonable to expect through public spending and, by implication, through BS;
- acknowledging that the policy, institutional, and human resource obstacles to good public spending are multiple and complex;
- clarifying the place and value of policy leverage and the use of policy conditionality.

S44 Promote stronger team working between HQ and in-country colleagues with joint lesson learning and more support in restoring and deepening relationships with GoT.

S45 Review the linkages between all HQ based funding programmes and country offices, building effective joint working, information exchange, shared reviews and lesson learning.

IRISH AID MANAGEMENT RESPONSE MATRIX

	Recommendation	Management Response
Recommendations For Irish Aid and DFID in Tanzania		
1	<p>DFID and Irish Aid should promote a renewal of the dialogue architecture and process, and a rebuilding of the relationship of trust. Within this, three changes to the future structure of BS should be considered:</p> <p>A relative reduction in the scale of General (and Sector) Budget Support until the issues of quality, efficiency and equity in public spending are systematically addressed.</p> <p>Measures to revitalise the policy dialogue and re-establish confidence, around a narrower agenda focused more closely on the GoT budget and on service delivery issues, with a pre-requirement that information on the budget, on spending, and on results should be shared by GoT on a timely basis. Requirements for information should be clearly spelt out and should be enforced, if necessary, by withholding BS disbursements, since information exchange is an eligibility condition for the operation of BS.</p>	<p>Broadly Accepted.</p> <p>Irish Aid welcomes the broad recommendation to promote a renewal in the dialogue with the Government of Tanzania (GoT). A great deal of time and effort was invested in designing and implementing the new dialogue structure and in agreeing the division of labour. This was a protracted and, at times, contentious process for DPs and GoT and was only formally agreed in 2009. Thus it may be too early to recommend a review or determine impact. Ireland will continue to use its longstanding positive relationship with the Tanzanian government and continue a wide repertoire of engagement (informal, unstructured approaches and wider alliance building) outside the formal structures to contribute to the renewal of the dialogue process as per recommendation nine below. Initial informal top level contacts with the new Tanzanian Government indicate that our willingness to revitalise the dialogue is reciprocated.</p> <p>The JPE found that the strategic emphasis of Irish Aid and DFID on budget support was highly appropriate and remains so, but that some re-balancing of support drawing on Irish Aid's effective mix of modalities may be desirable. Irish Aid agrees with the recommendation for a rebalancing in the scale of General Budget Support (GBS) to allow more funding to be channelled through other modalities using diversified approaches in order to tackle poverty from different angles. However, issues of quality, efficiency and equity are complex. They will be addressed through appropriate strategies, in collaboration with the GoT, development partners, civil society and the private sector. Despite being discussed within the GBS dialogue for a number of years now, the issues have not been effectively addressed. Therefore, finding more innovative ways to improve service delivery and equity issues is likely to be a key focal area in new CSP. The recommendation needs to be read together with the positive findings in the body of the report on the Health Common Basket Fund particularly around strengthened district level health services.</p> <p>We agree with this recommendation and recognise that the GBS agenda for dialogue is too broad, at times too detailed, and there is scope to tighten the PAF and that budgetary issues and quality of service delivery should be more central. The first steps toward a slimmer more strategic PAF have already been made by GoT and GBS development partners and early signs are encouraging. We will also ensure that the revised MoU will contain a clear, explicit reference to timely availability of budget information. However, for GBS to increase domestic accountability, the information sharing must first be between GoT and the Tanzanian public and not only be between GoT and DPs. We agree with this recommendation which is valid beyond the programmes under review. Central is how we define 'eligibility conditions'. Our objectives for GBS are realistic and achievable and remain valid. Continued policy dialogue with GoT is a central to GBS and our current GBS Guidelines in HQ go beyond satisfying mere eligibility conditions/underlying principles. We believe it is important to be able to consider policy implementation when considering general budget support.</p>

IRISH AID MANAGEMENT RESPONSE MATRIX

	A change in the nature of disbursement arrangements to focus conditionality on eligibility conditions and avoid attempts at policy conditionality.	The recommendation could be shared with the GBS External Evaluation team that will begin early in 2011. Any change to this would require prior approval from HQ (see recommendation 11)
2	PSR is best supported with focused, niche approaches, possibly led by a single development partner who can build a closer relationship, utilising a range of flexible interventions rather than through large standalone programmes. DFID and Irish Aid should propose that all the major reform programmes should be reviewed and more effective means of providing support complementary to GBS discussed with GoT.	<p>Not Fully Accepted. The practical consequences of the proposed change are very significant. This recommendation would need to be expanded through further analysis and very careful consideration. We do agree that niche interventions can be useful <i>in parallel</i> to the reform programmes, to address, for example, cross-reform bottlenecks.</p> <p>In relation to the second sentence, we do agree that the reforms would benefit from being reviewed and streamlined to build on lessons learned. However, this would need to be done pragmatically, as and when each reform reaches the point of review. Ireland is not in a position to recommend review of reforms that it is not involved in - e.g. Legal Sector Reform Programme (LSRP).</p> <p>The design phase of Local Government Report Programme II (LGRPII) began in 2006 and LGRP was officially in transition from 2007 to 2009 (in practical terms it remains in transition today). If the programme is radically reviewed it is likely to mean another year or two of dialogue about the process rather than programme implementation and ultimately the capacity of local government authorities will suffer. We believe that a more pragmatic approach is preferable whereby the programme is managed carefully (i.e. scaled up or down) in light of performance, operational and absorption capacity. The Public Financial Management Reform Programme (PFMRP) is currently being reviewed and this presents an opportunity to revisit the scope and set up of the reform to build on lessons learnt. A positive example is that the review is considering different modes of engagement for development partners (e.g. a division of labour) which could result in a single lead DP in a particular area (e.g. audit). This might enable the building of closer relations and a more flexible approach, as recommended above.</p>
3	DFID and Irish Aid should explore ways of opening up the space for understanding policy processes and options with GoT, including the use of technical assistance, to promote policy research and dissemination, not just to GoT but also in academic circles, the media and the wider community.	Accepted. Irish Aid welcomes the suggestion made in the report to promote policy research, niche interventions and dissemination. This is already underway in a number of sectors including health, agriculture and governance and is likely to be further strengthened in the new CSP. The recommendation for technical assistance will also be considered in light of the work being done internally at HQ and the demands of the GoT.
4	DFID and Irish Aid should give higher priority to (possibly joint) induction and staff development in Tanzania with a focus on the skills and knowledge required to engage in effective policy dialogue, and a deeper understanding of the dynamics of change and the nature of the political economy in Tanzania.	Accepted. Irish Aid welcomes the recommendation and recognises the importance of on-going staff development in a rapidly changing environment and the need to maximise resources and share learning wherever possible. The team has already started to liaise with DFID on opportunities for joint training as these arise such as the proposal for training on public financial management. Further Political Economy Analysis work is planned for 2011 when the focal areas of the new CSP are identified.

IRISH AID MANAGEMENT RESPONSE MATRIX

	Recommendations for Irish Aid Tanzania	
5	Irish Aid in Tanzania should maintain the current effective mix of modalities balancing its support for GBS with sector based support and also specific projects in order to build on the role it has established in agriculture, health and the cross-cutting issues of gender and decentralisation.	Accepted. Irish Aid agrees fully with the recommendation to maintain a mix of modalities approach which was found to be effective and efficient, with an increased focus on non-state actors and greater flexibility toward niche interventions. As the report notes sometimes small-scale, independently managed projects for specific support and innovation can be justified. The precise mix of modalities and interventions will be outlined and determined in the approved CSP.
6	Irish Aid in Tanzania should use its extensive expertise, reputation and position in the agriculture sector to strengthen ASDP and explore ways to complement the programme by expanding its support to agricultural development, direct initiatives and investments, and additional research through non-state channels.	Accepted. Irish Aid recognises the need to need to complement initiatives such as the Agriculture Sector Development Programme (ASDP) with direct support through other modalities. Our future support to the sector is subject to the formal approval of the CSP but it is likely that we will continue to support ASDP but with an increasing focus on using complementary supports in line with the recommendation. These could include supporting greater smallholder access to agricultural services (research, extension, farmer empowerment), supporting value chain initiatives, access to farm inputs and markets, improved coordination within the sector (research, extension services, access to credits by smallholder farmers with a focus on women farmers). Furthermore, Irish Aid will broaden its agriculture sector support by aligning food security initiatives with nutrition initiatives such as promoting access, utilisation and preservation of different food types including support to research on food and nutrition by non-state institutions.
7	Irish Aid in Tanzania should prioritise its support in the health sector on building stronger synergies amongst DPs and the MoH with a focus on health outcomes and the decentralisation of service delivery.	Accepted. We agree with this recommendation but as with all proposed areas of future support, continue support to the health sector and focussed sub-sector interventions must first be ratified by HQ approval of the CSP.
8	Irish Aid should continue to play a lead role in supporting local government reform and decentralisation ensuring that the LGRP is mainstreamed into Prime Minister's Office – Regional Administration and Local Government (PMO-RALG); and that the integration of social sector development and recurrent funding into the reformed transfer mechanism to Local Government Authority (LGAs) in undertaken strategically with appropriate linkages to the respective sector programmes.	Accepted. We agree with this recommendation. Ireland's future support to decentralisation and local government reform has been thoroughly debated in the process of developing the new CSP with consensus as to the critical importance of local governance and the need to further strengthen the capacity of local government to deliver social services. How we can best reconfigure our support to 'governance' in order to have maximum impact is currently under intense consideration within the team and will be outlined in the new CSP.
9	Irish Aid should review the recent experience of building effective synergies between the diplomatic and development functions of the Embassy, identifying the strengths and weaknesses so that future practice can be improved lessons can be shared with other offices.	Accepted. Irish Aid recognises the strengths of integrated diplomatic and development functions, and will explore opportunities for broader cross-country lesson sharing.
10	Irish Aid in Tanzania should continue to develop its capacity for team working and collaboration as a small multitasked office with regular reviews and skill development for the team as a whole, focusing in particular on cross discipline synergies and the contribution of Tanzanian staff to effective teamwork.	Accepted. Cross-team collaboration and learning has been reinforced since the CSP Mid Term Review and through the development of the new CSP. Irish Aid will continue to build staff skills and capacity through existing systems and to respond to the need for changed skill sets as per the recommendation. These areas will continue to be a focus in the business planning process, in PMDS and within individual role profiles.

IRISH AID MANAGEMENT RESPONSE MATRIX

For Irish Aid and DFID Headquarters		
11	In their support to offices engaged in providing budget support and in promoting the modality themselves, DFID and Irish Aid HQs should review their own guidance and policy positions in the light of this evaluation: reaffirming GBS as a preferred aid modality for providing, harmonised, country led, support to governments to enhance public expenditure in accordance with agreed poverty focused strategies; promoting greater modesty over what it is reasonable to expect to be achieved through public spending and, by implication, through BS; acknowledging that the policy, institutional, and human resource obstacles to good public spending are multiple and complex: this complexity needs to be better understood and respected; and clarifying the place and value of policy leverage and the use of policy conditionality.	Accepted. Irish Aid plans to undertake an external review of the GBS guidelines in 2011. The JPE and the recommendations will be shared with those conducting the review and across DFA/Irish Aid. This recommendation will be considered carefully in the context of the revised guidelines.
12	DFID and Irish Aid should promote stronger team working between HQ and in-country colleagues with joint lesson learning and more support in dealing with the challenging task of restoring and deepening relationships with GoT.	Accepted. We will explore with field colleagues in 2011 further ways for enhancing joint lesson learning and support visits between IA and DFID with a view to deepening our relationship with the GoT.
13	The linkages between all HQ based funding programmes (civil society funding, research, climate change etc.) and country offices should be reviewed and attention given to building effective joint working, information exchange, shared reviews and lesson learning.	Accepted. The development of the new CSP has further enhanced the linkages between all HQ based funding programmes and relevant sections. We will explore concrete ways to build greater synergy, collaboration and information sharing.

DFID MANAGEMENT RESPONSE MATRIX

Recommendation	Response
For Irish Aid and DFID in Tanzania	
<p>DFID and Irish Aid should promote a renewal of the dialogue architecture and process, and a rebuilding of the relationship of trust with GoT. Within this, three changes to the future structure of BS should be considered:</p> <ul style="list-style-type: none"> • A relative reduction in the scale of general (and sector) budget support until the issues of quality, efficiency and equity in public spending are systematically addressed. • Measures to revitalise the policy dialogue and re-establish confidence, around a narrower agenda focused more closely on the GoT budget and on service delivery issues, with a pre-requirement that information on the budget, on spending, and on results should be shared by GoT on a timely basis. Requirements for information should be clearly spelt out and should be enforced, if necessary, by withholding BS disbursements, since information exchange is an eligibility condition for the operation of BS. • A change in the nature of disbursement arrangements to focus conditionality on eligibility conditions and avoid attempts at policy conditionality. 	<p>Partially Agree</p> <ul style="list-style-type: none"> • We agree with this recommendation and, as recognised at S19, have already begun to address it. We have been rebalancing our programme with a greater proportion of non-budget support programming. We will consider the review’s recommendation to reduce GBS as we develop our country business plan in the light of the conclusions of the bilateral aid review. • We broadly agree with this recommendation and have started to take it forward. We have been pushing the GoT to provide more information, and in 2010 the Secretary of State made provision of additional budget information a condition for GBS disbursement . The Government has provided us with more information but we will need to continue to monitor this issue closely to ensure that information continues to be provided on a regular and timely basis. We have also been working to revitalise the process of Public Expenditure Reviews that will provide the basis for a more constructive dialogue with the Government on their budget. We have been working closely with Government and development partners to develop a more strategic and streamlined PAF. • We do not agree that disbursement arrangements should exclude policy conditionality. While UK disbursements are not linked directly to policy conditions, we do take a view on how far and fast the Government is implementing its own reform programmes and agreed policy changes. We believe that making progress in key reforms areas is essential if budget support is to be able to deliver results and give UK taxpayers confidence that it represents good value for money.
<p>PSR is best supported with focused, niche approaches, possibly led by a single DP who can build a closer relationship, utilising a range of flexible interventions rather than through large standalone programmes. DFID and Irish Aid should propose that all the major reform programmes should be reviewed and more effective means of providing support complementary to GBS discussed with GoT.</p>	<p>Partially Agree</p> <p>We agree that the reform programmes need ongoing scrutiny and be kept under review, but now is not the time to launch a review of all major programmes. Much reform of programmes is already underway. The PSR programme is currently in the final stages of a major restructuring – with a much more targeted approach resulting. This follows on from a significant re-shaping of the legal sector reform programme. We agree that donor engagement should be focused. We believe that under Division of Labour arrangements, that it will be important to maintain the engagement of a strategic number of DPs in each reform process but agree that a stronger lead profile could improve coherence. In the statistics reform programme it is planned that a lead DP will lead the process as recommended, and DFID is considering with other DPs how to resource this.</p>
<p>DFID and Irish Aid should explore ways of opening up the space for understanding policy processes and options with GoT, including the use of technical assistance, to promote policy research and dissemination, not just to GoT but also in academic circles, the media and the wider community.</p>	<p>Agree</p> <p>DFID is supporting the International Growth Centre, who are working closely with the Bank of Tanzania to conduct policy research on growth and poverty. Our support for civil society also enables policy research and dissemination. We will consider as part of our business planning exercise what more can be done.</p> <p>We are also building our understanding of political economy and the process of change in Tanzania to inform more effective programming in our new operational plan.</p>

DFID MANAGEMENT RESPONSE MATRIX

<p>DFID and Irish Aid should give higher priority to (possibly joint) induction and staff development in Tanzania with a focus on the skills and knowledge required to engage in effective policy dialogue, and a deeper understanding of the dynamics of change and the nature of the political economy in Tanzania.</p>	<p>Partly Agree</p> <p>We agree that a comprehensive induction is important and already seek, as part of any induction, to include meetings with other development partner contacts, GoT key interlocutors and Private Sector/ Academic /CSO representatives.</p> <p>Joint induction programmes also exist. We recently helped co-ordinate and then chaired a DP-wide induction on governance which was attended by a wide range of DPS (including Irish Aid). The Secretariat of the Development Partner Group runs an annual joint induction for all newcomers to the development community in Tanzania.</p> <p>In terms of sharing longer term development opportunities together this is possible. But such joint events would have to be balanced against other broader DFID corporate training priorities and financial constraints.</p>
For DFID Tanzania	
<p>DFID Tanzania should continue to prioritise GBS within its portfolio, focusing its support around improvements to the policy engagement with GoT and its support for PFM, with a balanced programme with sufficient space for major increases in strategic support to non-state actors.</p>	<p>DFID is currently, as part of its Bilateral Aid Review, considering the overall balance and focus of its portfolio in Tanzania. This involves considering the use of all available aid instruments. The evidence provided by the CPE has contributed helpfully to this ongoing process. Ministers will take decisions on the use of GBS, following a policy review of GBS across DFID offices. Many donors in Tanzania are engaged in providing support to non-state actors, and it will be important to ensure complementarity and good value from any increase in funding.</p>
<p>DFID Tanzania should develop a more radical and substantive programme of direct support for private sector development (including agriculture) that provides significant funding to new industries and entrepreneurs, and addresses market access nationally, regionally and globally.</p>	<p>Fully Agree</p> <p>We agree with these points and we have already taken steps to scale up our sustainable growth project portfolio, as alluded to in the evaluation (4.16 and 4.26).</p> <p>As mentioned in the report (2.59) the poor performance of the Business Environment Strengthening For Tanzania (BEST) programme meant that DFID declined to fund a phase 2 in 2008. But the need for legal and regulatory reforms to reduce the costs of doing business in Tanzania remains and DFID continues to engage at a policy level to push for acceleration of these reforms. Most recently, the Head of DFID gave a presentation on behalf of all donors at the Annual Review of GBS on the reforms needed to the business environment.</p> <p>At the same time, we have rebalanced the portfolio and have over the last 12 months designed and approved over £50m (\$80m) for projects that support the private sector, including financial sector institutions and business associations. Further expansion of the sustainable growth programme portfolio is planned – pending finalisation of our current business planning processes.</p>
<p>DFID Tanzania should use its acknowledged expertise and comparative advantage to support GoT to undertake deeper analysis of the dynamics of poverty, including distributional factors and other disparities, in order to address issues of equity in public expenditure and service delivery poverty issue through technical support and commissioning independent studies to inform understanding and debate.</p>	<p>Agree</p> <p>This work is ongoing. We have commissioned a number of independent studies on the dynamics of poverty, including an inclusive growth study and some qualitative work by the ODI's Chronic Poverty Research Centre. We hosted a workshop in August 2010 where a debate on findings was had, and presentations of key findings were made during the Government's Poverty Policy Week event in November. We will be making financial and TA contributions to the 2012 census and 2011 Household Budget Survey, which when the two data sources are combined, will enable deeper analysis of the distribution of poverty and access to social services.</p>

DFID MANAGEMENT RESPONSE MATRIX

<p>DFID Tanzania should explore (with other DPs and GoT) the commissioning of work to advance a deeper understanding of the impact of corruption on the economy and the direct and indirect effects on the poor so that interventions aimed at mitigating these effects can be developed.</p>	<p>Agree</p> <p>We agree that more analytical work on the nature and impact of corruption would be helpful. There is ongoing work on corruption (such as the Joint External Anti-Corruption Evaluation and by DPs linked to the GBS process) that, together with recent work by civil society, helps strengthen the general body of evidence on corruption. DFID's ongoing political economy work will also add to this evidence base. Once all this analysis has been finalised we will be in better position to assess what additional work is required in this area.</p>
<p>DFID Tanzania should review its staffing to take account of emerging programme needs, ensuring a balance of sector and cross-cutting expertise, drawing on both UK and Tanzanian appointed staff and prioritising skill and experience related to working in BS environments.</p>	<p>Agree</p> <p>DFID Tanzania has successfully balanced sector and cross cutting expertise, for example we have increased our capacity on environment and climate change, introducing a cross-cutting post to ensure sustainable/climate compatible development.</p> <p>We are already in the process of revising the staffing structure within DFID Tanzania. This will see the establishment of a new team overseeing MDG outputs, and an expanded Results and Aid Effectiveness Team to ensure VFM and improved measuring of results across all the programme teams, and where relevant the Corporate Services team. The CS Team will be slightly scaled down, and the communications work will also encompass DFID's broader transparency agenda.</p>
<p>For Irish Aid and DFID Headquarters</p>	
<p>In their support to offices engaged in providing budget support and in promoting the modality themselves, DFID and Irish Aid HQs should review their own guidance and policy positions in the light of this evaluation:</p> <ul style="list-style-type: none"> ● reaffirming GBS as a preferred aid modality for providing, harmonised, country led, support to governments to enhance public expenditure in accordance with agreed poverty focused strategies ● promoting greater modesty over what it is reasonable to expect to be achieved through public spending and, by implication, through BS ● acknowledging that the policy, institutional, and human resource obstacles to good public spending are multiple and complex: this complexity needs to be better understood and respected ● clarifying the place and value of policy leverage and the use of policy conditionality. 	<p>Partly Agree</p> <p>DFID is currently reviewing and refreshing its policy on Budget Support centrally, and this CPE will provide a useful piece of evidence for that exercise.</p> <ul style="list-style-type: none"> ● We do not agree that BS is <u>always</u> the preferred modality. DFID country offices need to test whether GBS or SBS are the most appropriate modalities to achieve the objectives set. ● We partly agree that we need to revise our expectations – it is also true that we need to understand much better BS intervention logic and VFM of public expenditure programmes. ● We agree. Understanding the obstacles is important; that is why we need to encourage the Government to have a robust reform agenda to address those obstacles and to implement it assiduously. ● Policy leverage and conditionality are being addressed as part of the central review of the use of GBS and the issuance of new guidance.

DFID MANAGEMENT RESPONSE MATRIX

<p>DFID and Irish Aid should promote stronger team working between HQ and in-country colleagues with joint lesson learning and more support in dealing with the challenging task of restoring and deepening relationships with GoT.</p>	<p>Agree</p> <p>Assistance from HQ, including occasional and targeted Ministerial visits, will be critical to building a stronger partnership with the Government of Tanzania.</p>
<p>The linkages between all HQ based funding programmes (civil society funding, research, climate change etc.) and country offices should be reviewed and attention given to building effective joint working, information exchange, shared reviews and lesson learning.</p>	<p>Agree</p> <p>DFID has already taken a number of steps to improve the linkages between HQ and country offices. Our climate change adviser post is 75% funded by Policy and Research Division, in recognition of this. Specific actions have also been taken on civil society and research (see below).</p> <p>Civil Society: We have already taken several steps to improve the links between centrally funded civil society funds and DFID offices overseas. In the last two years we have asked for comments from DFID offices for all CSCF, GTF and PPA proposals before we agree funding. The DFID T representative on the civil society review has been involved on several occasions on specific central funds, and visited HQ for two weeks in Nov 2010 to help assess and QA PPA applications. There was also a visit from CSD to Tanzania last year.</p> <p>Research: DFID has already recognised the need for improved links between its central research programme and the needs of country offices by establishing earlier this year the new Global Outreach Team in Research and Evidence Division. The role of this team is to make research evidence (both from the DFID programme and elsewhere) more readily available to those designing development programmes, and relevant to critical design issues. The team also acts to ensure that future DFID research programmes are informed by the anticipated needs of evidence for future DFID programmes. In facilitating access to evidence, as well as providing support on advice on how best to capture further evidence on the success and impact of programmes, the team is also contributing to lesson learning across DFID.</p>

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Department for International Development

DFID, the Department for International Development: leading the UK government's fight against world poverty.

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