

➔ **TANZANIA:  
INDEPENDENT MONITORING HOLDS A GOVERNMENT AND ITS  
PARTNERS TO ACCOUNT**

**In a Nutshell**

Relations between Tanzania and the donor community deteriorated during the early 1990s. A high-level group of experts, appointed to investigate the problems, proposed ways to put the relationship back on track. Seven years later, a radical change of rules has brought the two sides back together.

An independent monitoring mechanism now helps to hold the partners to account, recommending regular improvements based on impartial and transparent assessments. The group's findings are widely accepted and respected, providing a sound guide for the implementation of essential capacity development principles.

**The Story**

Tanzania remains heavily dependent on aid and is a priority country for many donor organizations. An effective partnership is critical both for development and the achievement of external cooperation objectives. In the late 1980s and early 1990s, however, donors expressed growing concern about poor administration, corruption, inadequacy of democratic processes and budget mismanagement. At the same time, the government viewed donors as inappropriately intrusive and demanding, and unable or unwilling to deliver on promises. A high-level independent working group composed of international and national experts was appointed to investigate what was going wrong. The results showed dissatisfaction on both sides and a high degree of mutual misunderstanding.

The group's report recommended that the government tighten and strengthen the operations of the Ministry of Finance; develop clear priorities for its investment and expenditure systems; and acquire and retain leadership in its own development efforts. As for the donors, substantial changes were needed in their operational culture, so as to reduce the gap between the rhetoric of "ownership" and the reality on the ground.

In January 1997, the government and donors met to draft a new way of doing business. The guiding principle was that Tanzania should take the lead, with a longer term vision for development, strengthened financial management and capacity development, open and honest dialogue, and independent stocktaking of progress towards agreed objectives.

In 1999, the same high-level working group conducted a more comprehensive assessment. This time, the report was mixed. It recognized a significant shift towards Tanzanian leadership, particularly in the sphere of macroeconomic management,

and noted that donor attitudes and practices had changed noticeably, with more genuine dialogue taking place. Several donors were also contributing to “basket funds” in some sectors, the uses of which were determined under Tanzanian leadership. Budget and financial control systems were firmer, and corruption was being more aggressively addressed. However, reform of technical cooperation earned poor grades.

One significant recommendation was that the government and its external partners institute ongoing, independent monitoring of their relationship. As a step in this direction, the government, while developing its PRSP, also produced the “Tanzania Assistance Strategy.” At the 2000 consultative group meeting, the government and donors reached a new agreement that in implementing the strategy, the performance of both sides should continue to be impartially evaluated. Doing so would help balance the aid relationship and lend real meaning to the aspirations for genuine partnership and open dialogue.

It was decided to appoint an independent monitoring group composed of three Tanzanians and three experienced non-governmental professionals from donor countries. The secretariat would be based in the Tanzanian Economic and Social Research Foundation.

There were elaborate discussions about the terms of reference of the group. With respect to donor performance, it was decided to focus on collective monitoring, rather than specific donor procedures as initially proposed. Under donor pressure, emphasis also shifted away from an earlier concern with ownership towards the concept of aid effectiveness. This was done to ensure the monitoring group looked at how aid contributed to PRSP outputs/outcomes rather than only at the transaction costs of delivering aid. Finally, local ownership now appears as only one of five explicitly mentioned ways of increasing aid effectiveness: the objective is to promote ownership, rather than to dub it the cornerstone of a development partnership.

The most recent report of the monitoring group in 2002, presented to the 2002 consultative group meeting, notes that by comparison with 1995, relations are much improved. On the Tanzanian side, progress can be attributed to the emergence of leadership with a demonstrated and sustained commitment to improvement and reform; increased openness, transparency and accountability; improvements in public expenditure management; and a demonstrated willingness to engage in dialogue.

For their part, donors now have greater trust in the government and have responded in various ways to improve their own policies and practices. Significant shifts include a willingness to be self-critical and accept independent assessment, as well as dissatisfaction with the past effectiveness of donor policies, such as the perceived limitations of a project-based approach and of tied technical cooperation. There is a new desire to adapt and respond flexibly to improvements on the government’s side; to work with government systems and processes; to move

away from reliance on conditionality towards a more coordinated and partnership-based approach; and to reduce government (and donor) transactions costs, for example, through better coordination arrangements.

However, the reports also observed that capacity and the use of technical assistance was an area where little progress had been made, with the topic considered highly complex and particularly sensitive.

### **Results and Critical Factors**

The establishment of an independent mechanism to monitor the partnership between the donor community and a government is a considerable innovation, especially since it arose from a strained relationship. It has now become an established feature of the consultative group agenda, and merged with the Tanzania Assistance Strategy Action Plan. The seriousness with which the group's findings are treated bodes well for the future, and may prove helpful in tracking the implementation of capacity development principles. Crucially, this mechanism introduces accountability and transparency.

Factors that have helped ensure its success include the following:

- Despite the tensions that had emerged, there remained a deep-seated desire on both sides to see the relationship work more effectively.
- The appointment of trusted, respected and independent experts to review the situation was fundamental for ensuring that all sides were prepared to seriously consider their findings and work constructively towards a harmonized agenda under the government's leadership.
- The wider debate on aid effectiveness, ownership and capacity development taking place at the same time gave extra impetus, providing all parties with the incentive to find solutions and give practical meaning to a new aid paradigm.
- The arrival of fresh personnel on both sides of the relationship helped ensure that potentially defensive and reactive postures were replaced by a genuine desire for improvement.

### **Further information**

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*The authors gratefully acknowledge the contributions of Philip Courtnadge and UNDP Tanzania.*