

**Tanzania: A Genuine Case of Recipient Leadership in the Aid System?**

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# Tanzania: A Genuine Case of Recipient Leadership in the Aid System?

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*Within developing countries, governments need to be clear about what they want. Tanzania and Mozambique, for example, have set out clearly how they want to work with their international partners. These arrangements should not be the exception but normal practice.*<sup>1</sup>

## 1. Introduction

Tanzania is often held up as the poster child of the new ‘partnership’ model of aid set out in the Rome and Paris declarations from the OECD DAC. The Tanzanian government, it is claimed, exercises a high degree of ownership, supported by donors who are effectively aligned to Tanzanian priorities and systems, and harmonised among themselves. This claim is expressed by donors in the language of ‘good governance’ which has come to constitute a keystone for Tanzania’s aid architecture. Governance provides a normative language to promote ownership through partnerships and participation and it has also been ‘programatised’ into much of the development policy that donors wish to fund, both specifically through programmes such as decentralisation and civil service reform and generically through the ‘process conditionalities’ that require the Tanzanian government to adhere to criteria of transparency and consultation when devising development strategy.

If Tanzania has indeed found a new way to manage aid dependency which leaves room for real ownership and partnership, this model is worth exploring - particularly if it is transferable to other aid-dependent countries. However, if the partnership approach is found wanting even in Tanzania, questions must be raised about its potential to revolutionise aid relationships in general.

In aid-dependent countries such as Tanzania, aid is at the centre of the political system. Aid flows, and their management, dominate the work of many government institutions. According to donors, if Tanzania is to have ‘ownership’ of the development process, the aid system must be at least consistent with a ‘government-led process for coordinating aid’ which puts the government in the lead with respect to the management of aid, and leaves room for the emergence of domestically-owned development policies and systems. But this approach to ownership leaves us with an awkward counterfactual:

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<sup>1</sup> DfID, ‘Making Governance Work for the Poor’, 2006, p.78

a comparison between a donor-dominated aid regime and a ‘country-owned’ aid regime in which the basic fact of high levels of dependence on external resources and donor activity remains constant. Dependence is not, in and of itself, seen as a barrier to ownership, but, in the words of a Tanzanian employee of the UNDP: ‘how can you own what you have not paid for?’ (Interview with Harrison, 2001).

Nevertheless, we need to take the Tanzanian case seriously as a ‘showcase’ and as having achieved something distinctive regarding its aid regime. In order to do this, we first focus on the relationship between the government and its donors, and explore the extent to which the government has exercised leadership in order to affect donor behaviour and achieve its objectives in aid management. We then introduce a more political understanding of ‘ownership’ in order to explore the nature of government leadership in Tanzania. This requires us to recognise that any substantive national ownership must be ‘embedded’ in the politics of Tanzania’s government as much as it is the procedural and technical innovations rolled out under the Rome and Paris declarations or the PRSP process. This leads us to a more complex and problematic view of Tanzania’s aid ownership in which one might identify ‘pockets of ownership’ (Evans and Ngalewa 2003) surrounded by patterns and processes of governance that do not easily contribute to the construction of aid ownership or partnership with donors.

The paper proceeds as follows: Section 2 sets out some background on Tanzania, focusing on its receipt of aid, its relationships with donors and its domestic politics. Section 3 explains the emergence of aid management systems in Tanzania since 1995. Section 4 considers the impact of these systems, on donor behaviour and on government leadership of development policies. Section 5 offers some possible explanations of Tanzania’s apparent success in developing effective aid management systems. Section 6 reviews the salient political developments within the Tanzanian state which serve to reinforce ‘pockets’ of ownership before considering the ways in which Tanzania’s political landscape restricts the ambit of governance reform. Section 7 will conclude with some remarks on the politics and prospects of Tanzania’s ownership of aid.

## **2. Background**

### Aid Dependence in Tanzania

Tanzania is one of the poorest countries in the world, with a GNI per capita of only around \$340 (\$620 calculated according to purchasing power parity). It ranks 164 out of 177 countries on the UNDP’s Human Development Index.<sup>2</sup> However, real GDP growth has averaged 6.9% since 2001, and human development indicators are improving

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<sup>2</sup> Statistics from 2005 Human Development Report, based on 2003 data, available at [http://hdr.undp.org/statistics/data/country\\_fact\\_sheets/cty\\_fs\\_TZA.html](http://hdr.undp.org/statistics/data/country_fact_sheets/cty_fs_TZA.html). Note that human development indicators have improve significantly since this data was gathered.

– child mortality fell by almost a third between 2000 and 2005, primary school enrolment increased from 59% to 95% in the same period, and life expectancy at birth has increased from 43 in 2002 to 51 in 2005.<sup>3</sup>

Tanzania is also a highly aid-dependent country. In 2004, it received around \$1.75bn in net ODA (making it the third largest recipient in Africa, in absolute terms), equivalent to almost \$48 per capita. This means that in 2004 ODA accounted for over 16% of GNI,<sup>4</sup> and was equivalent to around 40% of government expenditure: 80% of the development budget and 20% of the recurrent budget.<sup>5</sup> More than 50 official donor agencies operate in Tanzania. The largest donors in 2003-04 (in terms of gross ODA) were IDA (\$506m), the UK (\$265m), the EC (\$174m), Japan (\$117m) and the Netherlands (\$107m), but Tanzania accounted for no more than 5% of their total ODA programme in any case.

### The Limits of Tanzanian Politics: Relationships with Donors and Domestic Political Constraints

Independent since 1961 and constituted as the United Republic of Tanzania since 1964 (with the union of Tanganyika and Zanzibar), Tanzania has been one of the most stable countries in Sub-Saharan Africa. Julius Nyerere led a one-party system dominated by the *Chama Cha Mapinduzi*<sup>6</sup> (CCM) party, from independence until 1985, when he handed over power to Ali Hassan Mwinyi (also CCM). In the years after independence, Tanzania had a distinct political project based around Nyerere's '*ujamaa*' socialism. The Arusha Declaration of 1967 (Nyerere 1974) set out the principles of a new socio-economic model based around nationalisation, communal agriculture and self-reliance, and its implementation was supported by international donors (Freeman 1982).

Although Tanzania received large amounts of aid in the 1960s and 70s, the country only developed a troubled relationship with donors from the early 1980s onwards. A series of economic crises (exacerbated by the war with Uganda in 1979) led to a retreat from the model of the Arusha Declaration, but reforms were inadequate to solve the economic problems, or to reassure donors increasingly sceptical of state-led development models. By 1985 Tanzania faced a crisis in its donor relations and aid levels fell sharply. The adoption of an IMF package in 1986 eased the way for increased aid, and from 1985 President Mwinyi made moves towards economic liberalisation. Tanzania was considered a 'successful adjuster' by the World Bank and others in the late

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<sup>3</sup> Statistics from World Bank country profile, available at <http://web.worldbank.org/countries/africaext/tanzania>

<sup>4</sup> Statistics from OECD DAC, available at [www.oecd.org/dac](http://www.oecd.org/dac)

<sup>5</sup> Government of Tanzania, Tanzania Assistance Strategy Implementation Report FY2002/03-2004/05, 2005

<sup>6</sup> In English: Revolutionary Party

1980s.<sup>7</sup> However, the ‘second generation’ reforms required by donors and the international financial institutions became politically controversial in Tanzania in the early 1990s. Donors felt that the government was not delivering reform, and the government felt donors were interfering too much in their policies.<sup>8</sup>

Since the mid-1990s, however, relations between the Tanzanian government and its donors have improved markedly (see section 3 below). Tanzania’s first multi-party elections were held in 1995 and Benjamin Mkapa (CCM) was elected president. Mkapa made restoring relations with donors a priority, and Tanzania has been seen as a ‘good performer’ by many donors since the late 1990s. The government is seen as (relatively) accountable and competent, which has allowed the emergence of a fairly collaborative model of aid (see section 3 below).

CCM continue to dominate the Tanzanian political system – their candidate (Jakaya Kikwete) was elected president in December 2005 with over 80% of the vote (Mkapa stood down in accordance with the constitutional term limit) and CCM won 206 of the 236 directly elected seats in parliament. The continued political dominance of the CCM (on the mainland at least) has meant that the most significant discussions of policy happen within the party. CCM has traditionally been a fairly ‘broad church’ – during the period of the one-party state, a wide variety of groups (local, labour, religious etc) were successfully incorporated into CCM structures, and policy debates took place in the context of internally-contested elections. In this period, the CCM was a highly centralised and relatively bureaucratic institution – almost indistinguishable from the state itself. Corruption was low, and party rules and structures dominated the political discourse.

The simultaneous advent of multi-party elections, economic liberalisation and donor-sponsored governance initiatives (e.g. the Public Sector Reform Programme) from 1995 onwards has changed the politics of the CCM, and of Tanzania. NGOs have emerged as a significant force (especially since the start of the PRSP process in 1999), and some aspects of the state bureaucracy have been radically reformed. Important regional dynamics have developed in parliament, local elites have gained power and corruption has become an ever-present challenge for the government as clientelist politics have emerged in some areas.<sup>9</sup> This has changed the political constraints faced by the government. For the purposes of this paper, it is important to note that the current political dynamics of Tanzania have emerged alongside increasing donor involvement in questions of governance and of development policy. This may be one reason that it is

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<sup>7</sup> Gerald K. Helleiner et al., "Development Cooperation Issues Between Tanzania and Its Aid Donors: Report of the Group of Independent Advisers," in *NEPAD at Country Level - Changing Aid Relationships in Tanzania*, ed. Samuel M. Wangwe, (2002), p.7.

<sup>8</sup> *Ibid.*, pp. 4-5

<sup>9</sup> For a full account of these changes in Tanzanian politics, see Kelsall, "Shop windows and smoke-filled rooms: governance and the re-politicisation of Tanzania", *Journal of Modern African Studies*, 2002.

hard to discern a contemporary CCM political project which is distinct from the consensus view of development policy held by the majority of donors (see section 4 below).

### **3. The Management of Aid in Tanzania since 1995**

#### Key Actors and Priorities

Before discussing some of the specific aid management initiatives which have emerged in Tanzania in the last decade or so, it is important to be clear on the various actors involved. On the Government of Tanzania side, issues of aid and coordination are dealt with primarily by the Ministry of Finance (Aid Coordination Section, External Finance Unit), the President's Office (Planning and Privatisation), the Central Bank, the Accountant General, and the Inter Ministerial Technical Committee. However, line ministries (Health, Education etc) also play an important role, particularly with respect to sectoral programmes. The key individuals with respect to aid management in line ministries are the permanent secretaries – in many cases, delegation below this level is limited.

For most donors, day-to-day business in Tanzania is carried out by country offices (for some bilateral agencies this means the donor embassy, while others have separate representation), but agency headquarters will also be involved with major decisions. Different donors delegate different levels of responsibility to the country level, so some country offices have more room to manoeuvre than others.<sup>10</sup> All Tanzania's official donors are represented in the Development Partners Group (DPG),<sup>11</sup> which meets monthly at Head of Mission level and is co-chaired by UNDP and one bilateral donor. The DPG also has a number of sub-groups which focus on particular issues (e.g. governance) – donors in Tanzania are highly 'networked'.<sup>12</sup>

There are also a large number of government/donor groups. At the highest level is the Consultative Group (CG), which meets annually to mobilise resources for Tanzania, discuss development policy and review macroeconomic and sector developments.<sup>13</sup> This group consists of high-level donor officials and Tanzanian government representatives and is usually co-chaired by the Tanzanian President or

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<sup>10</sup> One often cited fact is that the DfID Head of Mission in Tanzania has more delegated budget authority than the Canadian Development Minister, but we have been unable to confirm this.

<sup>11</sup> Until January 2004, this was the Tanzania DAC Group.

<sup>12</sup> I am grateful to Yuko Suzuki for taking the time to explain the different donor fora in Tanzania to me.

<sup>13</sup> This group has met in Dar es Salaam since 2001, having been held in Paris before. This move was significant in empowering country offices, allowing engagement from a wider range of Tanzanian stakeholders and in bringing pressure to bear on donors to meet GoT concerns. It should be noted though, that donors initially resisted the move of the CG to Dar es Salaam, and the 1999 meeting was held in Paris despite strong government objection and a successful meeting in Dar in 1997. I am grateful to Gerry Helleiner for bringing this point to my attention.

Minister of Finance, and the head of the World Bank's Tanzania office. There are a number of 'working level' government-donor groups which meet regularly (usually monthly) to discuss coordination issues. These include: the Development Cooperation Forum chaired by the President's Office; the Joint Tanzania Assistance Strategy (TAS) and Harmonisation Group chaired by the Ministry of Finance; the Public Expenditure Review (PER) Working Group chaired by the Ministry of Finance; and the Poverty Reduction Budget Support (PRBS) Group also chaired by the Ministry of Finance. In addition, there are a wide range of government-donor groups which focus on particular sectors – in many cases these groups are now being merged with the donors' own sectoral groups. Donors and the Government of Tanzania have plenty of fora in which to discuss aid management issues.

### Independent Monitoring and the Emergence of Tanzania as a 'Donor Darling': 1995-2001

In 1994 the relationship between the Government of Tanzania and its donors had reached crisis point. Donor concerns, in particular about fiscal performance, led to a freezing of aid programmes. As a response to this breakdown of relations, the government (at the suggestion of, and with financial support from, the Government of Denmark, and with support from other 'like-minded' donors) commissioned an independent group of advisers to investigate the problems with the aid relationship, mediate between the donors and the government, and propose solutions. The group was made up of three international and two Tanzanian experts, and chaired by Prof. Gerry Helleiner, a Canadian economist.

The group's 1995 report<sup>14</sup> (usually referred to simply as the 'Helleiner Report') set out 22 recommendations to improve relations between the Government of Tanzania and its donors.<sup>15</sup> Its assessment of donor-government relations in Tanzania at this time stands in sharp contrast to the positive picture presented by both sides today.

Ownership in Tanzania was judged to be 'unsatisfactory', a result of aid relationships dominated by 'intrusive donor conditionality'.<sup>16</sup> The report called for significant changes in practices by donors to allow the emergence of country ownership, and singled out the World Bank for particular criticism.<sup>17</sup> It also called for more proactive management of aid by the Government of Tanzania – noting the 'relative passivity of the government in the face of multiple donors' and arguing that 'if it were

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<sup>14</sup> Gerald K. Helleiner et al., "Development Cooperation Issues Between Tanzania and Its Aid Donors: Report of the Group of Independent Advisers"

<sup>15</sup> It has since, rather aptly, been described by Philip Courtndage as 'marriage guidance for governments'.

<sup>16</sup> Ibid. 12-13. An (anonymous) quote from a donor official cited by Helleiner at this time sums up the donor attitude to ownership: "ownership exists when they do what we want them to do but they do it voluntarily".

<sup>17</sup> Ibid. 16-7



minded to do so, the government could impose much more authority on donors'.<sup>18</sup> The report found that there was little alignment between the government and donors, or coordination among donors, with the government highlighting its frustration at donors' tendency to create 'project islands' disconnected from Tanzanian policies and institutions, and officials and ministers 'overwhelmed' by the demands made on their time by numerous donors.<sup>19</sup> It noted that in general there was 'much more lip service to coordination...than there [was] commitment and action'.<sup>20</sup> In general, the report's recommendations emphasised the key role of the government in making aid more effective, while also identifying donor practices which impeded this.<sup>21</sup>

The report was published at a politically opportune moment. The November 1995 elections were well received by donors increasingly concerned with good governance, and President Mkapa proved to be a key champion of the Helleiner recommendations.<sup>22</sup> He saw restoring relations with donors as a key priority, and a new agreement with the IMF was made in November 1996.

The Helleiner Report facilitated the formulation in January 1997 of 'agreed notes' between the government and its donors, setting out the terms of the aid relationship and defining specific commitments on both sides to improve aid outcomes. They proposed a 'radical change of rules and roles between the partners in development'.<sup>23</sup> Donor commitments to change their practices were linked to government commitments to improve their own systems (this spurred, for example, the development of a Medium-Term Expenditure Framework in 1998). The 'agreed notes' are probably best described as a formal informal agreement – a codified agreement, but with no obligations on either side to act. Gerry Helleiner emphasises that a clear decision was made to move ahead with those donors who were willing to change, without an attempt to engage those who weren't. This necessitated a flexible approach, which explains the informality of the 'agreed notes'.<sup>24</sup>

Progress against the commitments made in the agreed notes was assessed in regular reports by Gerry Helleiner (in December 1997, March 1999 and May 2000). The 1999 report was particularly significant in assigning grades of A to F on 18 agreed objectives (16 from the agreed notes plus two more proposed by Helleiner). It suggested

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<sup>18</sup> Ibid.18

<sup>19</sup> Gerald K. Helleiner et al., "Development Cooperation Issues Between Tanzania and Its Aid Donors," in Ibid., ed. Samuel M. Wangwe, p.5.

<sup>20</sup> Ibid. 20

<sup>21</sup> Ibid. 28

<sup>22</sup> Interviews with Gerry Helleiner, Tony Killick

<sup>23</sup> "Agreed Notes from the Workshop on the report of Group of Independent Advisers on Development Cooperation Issues Between Tanzania and its Aid Donors", Appendix to Gerald K. Helleiner, "Changing Aid Relationships in Tanzania? (A Progress Report, Year-End 1997)," in NEPAD at Country Level - Changing Aid Relationships in Tanzania, ed. Samuel Wangwe, (2002), p.125.

<sup>24</sup> Interview with Gerry Helleiner

that significant progress had been made. For example, Helleiner awarded a 'B+' for rationalisation of donor activities, a 'B+' for sector-based coordination pilots, an 'A' for the integration of aid and debt relief discussions and an A+ for government leadership of public expenditure reviews. However, progress was not universal – donors were awarded a 'D' for standardising information and reporting systems, and a 'C' for rationalising consultation meetings with the government.<sup>25</sup>

The increasingly warm relationship between the Government of Tanzania and its donors which emerged from 1995 onwards made Tanzania an ideal candidate for the new 'partnership' model of aid epitomised in the PRSP approach. Tanzania had already developed its 'Vision 2025' long-term poverty reduction plan (1998) and a National Poverty Reduction Strategy (1997) by the time the PRSP approach emerged, and was one of the first countries to develop a PRSP – completing an interim PRSP in February 2000 and a full PRSP in October 2000.<sup>26</sup> Tanzania reached Completion Point in the HIPC initiative in November 2001.

Whether the independent monitoring process was a symptom or a cause of the changing relationship between the Government of Tanzania and its donors is unclear. The Helleiner Report in particular was evidently a very important basis for what came afterwards, but people closely involved in the process feel that the independent monitoring process after 1995 was more reflective of a new 'commonality of objectives' between Mkapa's government and the donors than a cause of that consensus.<sup>27</sup>

### The Tanzania Assistance Strategy and the Joint Assistance Strategy: 2002-present

In 2002 the Government of Tanzania's strategy for managing its aid was formalised in the form of the Tanzania Assistance Strategy (TAS).<sup>28</sup> This strategy had been in preparation since 1999 and a draft was produced in 2000, but was delayed while the government finalised its PRSP. The TAS 'is a Government initiative aimed at restoring local ownership and leadership by promoting partnership in the design and execution of development programmes,'<sup>29</sup> but was prepared in close consultation with donors. The TAS sets out 13 'best practices' for aid in Tanzania which include actions to be taken by the government (e.g. improved financial management, civil society consultation) and its donors (e.g. longer-term aid commitments, disbursements in line

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<sup>25</sup> Gerald K. Helleiner, "Changing Aid Relationships in Tanzania? December 1997 through March 1999," in NEPAD at Country Level - Changing Aid Relationships in Tanzania, ed. Samuel Wangwe, (2002), pp.111-120.

<sup>26</sup> In 2005 Tanzania agreed its 'second-generation' PRSP, the National Strategy for Growth and the Reduction of Poverty, more usually referred to by its Swahili acronym MKUKUTA.

<sup>27</sup> Interviews with Gerry Helleiner, Tony Killick

<sup>28</sup> Gerald K. Helleiner, "Changing Aid Relationships in Tanzania? December 1997 through March 1999," in NEPAD at Country Level - Changing Aid Relationships in Tanzania, ed. Samuel Wangwe, (2002), pp.111-120.

<sup>29</sup> Ibid. p.1.

with commitments). It is important to note that the TAS pre-dated the Rome Declaration – in fact the DPG describe the Rome Declaration as ‘add[ing] an international context to local harmonisation work’.<sup>30</sup>

The informal arrangement by which the 1997 agreed notes had been independently monitored was replaced from 2000 by a formally-constituted Independent Monitoring Group (IMG) chaired by Prof. Sam Wangwe, a Tanzanian academic based at a Dar es Salaam research organisation (the Economic and Social Research Foundation). The perceived importance of this group was demonstrated by fierce arguments about the membership and terms of reference for the group – a particular issue of concern were whether donors should be individually identified and assessed (donors successfully resisted this).<sup>31</sup>

The IMG reports to the government and donors around every two years, and its membership is approved by both parties to ensure that it remains legitimate. The IMG’s 2002 report was significant because it established benchmarks for both government and donor behaviour which provided a key input into the implementation of the TAS. The 2002 report also recommended that the Government of Tanzania make more decisive statements about the kinds of aid which it preferred. The TAS process provided a clear ‘outlet’ for the recommendations of the IMG.

The implementation of the TAS has been overseen by the joint government-donor TAS/ Harmonisation Group. In 2003, this group formulated a TAS Action Plan outlining specific actions to be taken on both sides, focused on four priority areas: improving predictability, integrating aid into the Budget, rationalising and harmonising processes and capacity building for aid management. By setting out the responsibilities of the government and its donors, the TAS system has facilitated a certain degree of mutual accountability, with both sides being held to account through the work of the IMG.

The TAS is now being used as the basis for the development of a Joint Assistance Strategy (JAS), initiated by the Government of Tanzania, DfID and the World Bank.<sup>32</sup> This aims to further improve donor coordination, including through the identification of donors’ comparative advantages and the introduction of a single review cycle.<sup>33</sup> Crucially, it aims to replace the individual country assistance strategies of the participating donors and create a binding agreement between the Government of Tanzania and Development Partners for the duration of a JAS cycle (5 years).<sup>34</sup> The JAS

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<sup>30</sup> Development Partners Group (DPG), Tanzania, Development Partners Group (DPG) Tanzania Terms of Reference, 2004, p.1.

<sup>31</sup> Interview with Gerry Helleiner

<sup>32</sup> The JAS was launched in July 2006, but final documents were not available at the time of writing. This paper discusses the JAS process up to the end of 2005.

<sup>33</sup> Development Partners Group (DPG), Tanzania, Development Partners Group (DPG) Tanzania Terms of Reference, 2004, p.1.

<sup>34</sup> Ibid. pg. 4

will also re-state the government's preferences with regard to aid (e.g. in favour of GBS over other aid modalities) and aims to set targets for progress towards these preferences (e.g. proportion of aid provided as GBS).<sup>35</sup>

The JAS has been developed alongside, and with the aim of directly supporting, Tanzania's second-generation PRSP, the National Strategy for Growth and Reduction of Poverty (MKUKUTA). The government produced a first draft of the JAS, which was circulated to donors for comment in May 2005. The donors produced individual responses, which were then synthesised through the DPG process to create a 'consensus' response to the GoT. It is not yet clear how the JAS will work in practice, but current indications seem to be that it is evolving into a more inclusive process based on general principles, rather than a strict framework of rules which might necessarily exclude some donors.<sup>36</sup>

#### **4. Impacts: The Emergence of Partnership?**

The JAS is the culmination of a process whereby the systems and institutions of aid management in Tanzania have been radically overhauled. This has been largely a procedural process, focused on the modalities and structures of government-donor relations, rather than a political process focused on the substance of development policy. Apart from the obvious procedural changes which have emerged as result, it is important to assess the impacts of this process on donor behaviour, and on development policy in Tanzania.

##### Changing Donor Behaviour

Although the initiatives outlined above are very recent, both donors and the Government of Tanzania claim significant impacts on the way in which donors give aid to Tanzania. If Tanzania were taking leadership in the management of aid, we would expect to see changes in donor behaviour to better suit the government's needs, although we cannot assume that the latter is caused by the former (see section 5 below). Changes in aid management in Tanzania since 1995 have occurred alongside a significant increase in aid volumes: by 2002/03, aid volumes in real terms were 70% greater than in 1992/93.<sup>37</sup> Changes in aid quality over the same period are more complex.

General budget support (GBS), whereby funds flow directly from donors into the government's budget with minimal ear-marking, would seem to be as 'ownership-friendly' as aid gets. The use of GBS in Tanzania is increasing - the amount of aid delivered this way has risen from Tshs.274.6bn in 2002/03 to Tshs.405bn in 2003/04, and

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<sup>35</sup> Ibid. pg. 10

<sup>36</sup> Interviews with donor officials

<sup>37</sup> Balogun, M. J. (1997). "Enduring Clientelism, Governance Reform, and Leadership Capacity: A Review of the Democratization Process in Nigeria." *Journal of Contemporary African Studies* 15(2): 237-261.

Tshs.434.5bn in 2004/05. Budget support (including debt relief) now accounts for around 50% of Tanzania's aid (and more for some donors – e.g. 70% of aid from the UK). GBS donors in Tanzania are also highly coordinated among themselves - the 14 donors providing aid through the Poverty Reduction Budget Support (PRBS) instrument use a common performance assessment framework which means that the government only has to prepare one report every six months (and only one a year under the new GBS arrangement starting FY05/06).<sup>38</sup> Common arrangements like the PRBS do create a risk that all aid can be withdrawn at once, but the memorandum of understanding between the PRBS donors and the government states that suspension will only be considered for the fiscal year following the detection of a problem, which provides time for negotiation and resolution.

Outside the GBS arrangements, further coordination is emerging among donors. In 2004, 19% of donors report being part of a delegated cooperation arrangement, although these arrangements account for a very small proportion of the total aid portfolio.<sup>39</sup> Donors are also using common systems in Sector Wide Approaches (SWAs) in health, education, local government and other sectors.

Donors have also taken steps to align their activities with the government's processes. In 2003, the TAS/Harmonisation Group produced an annual timetable which shifted the timing of donor processes to align better with government processes and included 'quiet times' between April and August when donor-government interactions are minimised in order to make space for, in particular, the budget process. This has had an impact: 'even Development Partners that have not been active and strong participants in the harmonisation agenda have adapted their operations'.<sup>40</sup>

Across all aid modalities, donors are sharing more information with the government. This is helping to improve the predictability of aid - in 2003, around 70% of donors indicated to the Government what their planned aid disbursements were over the following three years, while budget support disbursements in the first quarter of the financial year have risen from 8% in FY 2002/03 to 80% in 2004/05.<sup>41</sup> The government is now measuring the predictability of aid from different donors and publishing the results, which may provide the starting point for more systematic performance monitoring of individual donors. More than 40% of aid is now channelled through the national budget (compared to 30% in 2002) and estimates suggest that more than 75% of project aid is now recorded in the centralised budget system.

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<sup>38</sup> It is interesting to note that this arrangement developed without the World Bank – Tanzania's PRSC was developed later. This is unusual, and underlines the willingness of bilateral donors in Tanzania to deliver budget support, and to coordinate their actions.

<sup>39</sup> OECD DAC, Survey on Harmonisation and Alignment: Tanzania, 2004, p.129.

<sup>40</sup> Tanzania Assistance Strategy Implementation Report FY2002/03-2004/05, p.18.

<sup>41</sup> Survey on Harmonisation and Alignment: Tanzania, p.125.

Having said all this, donor practices in Tanzania do not all conform to government preferences. Much aid continues to come in the form of project aid - 1000 projects accounted for only 17% of aid flows in Tanzania in FY2003/04. Although Tanzania has reduced the number of reports it has to produce for donors, it still received 230 donor missions in 2003 (less than 5% of those joint between more than one donor). Technical assistance remains for the most part tied (and is thus poorly coordinated with the government's priorities or processes), and most donors seem unwilling to move on this issue. Donors all report that they are supporting the government's harmonisation agenda, but the government doesn't agree:

'not all donors are using the instruments prepared by the government. Some have cited domestic laws/policies as inhibiting harmonisation in recipient countries.'<sup>42</sup>

For example, all donors report that they rely on the PRS when programming aid to Tanzania, but only 13% use the annual PRS progress review to influence annual resource allocations.<sup>43</sup>

There are also concerns that new coordinated arrangements (e.g. SWAPs, basket funds) simply add new structures and management requirements to existing ones:

'Development Partners that have been very active in supporting Tanzania's aid effectiveness agenda and the TAS process have at the same time been slow or reluctant in giving up old processes, systems and procedures of delivery. This rigidity is constraining the Government's ability to build the required capacity to efficiently and effectively implement the changes, as it has had to deal with both the old and new processes, systems and procedures at the same time.'<sup>44</sup>

When the Government of Tanzania has set hard conditions for the acceptance of aid, it has often been successful in changing donor behaviour. For example, in 2004, the government insisted that aid from the Global Fund for AIDS, TB and Malaria be routed through government channels, and the Global Fund adapted their procedures to accommodate this. However, the government have only taken this approach in very few cases, and have not, thus far, used the standards set out in the TAS/JAS as the basis for refusing aid.

### Tanzanian Ownership of Development Policies

The question as to what degree the Government of Tanzania has genuine ownership of development policies raises some particularly difficult questions. Recent discussions of development policy between the government and its donors seem to have been characterised by a high degree of consensus. This is consistent with a number of different explanations. It is possible that the consensus represents real government

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<sup>42</sup> Ibid.p.123.

<sup>43</sup> Ibid.p.125.

<sup>44</sup> Tanzania Assistance Strategy Implementation Report FY2002/03-2004/05, p7-8.

leadership – i.e. that donors are taking their policy lead from the government and providing aid in support of country-owned development policies. The policy consensus might also be based on a shared analysis of Tanzania’s development needs – i.e. the government and the donors may agree on the same model of development and ‘independently’ come to the same policy conclusions. However, it is possible that government leadership is in fact non-existent – i.e. that the government is developing policies to conform with donor views in order to secure their support, effectively delegating policy-making responsibility to donors. It is also possible that the consensus is not real – i.e. that there is no real coordination on policy issues, only a shared rhetoric.

Opinion in Tanzania is divided about which of these explanations is the correct one. Some donor officials interviewed for this study felt that the government was a ‘policy vacuum’ and that policy leadership was coming exclusively from donors. Others pointed out cases where the government has disagreed publicly with donors, and has been willing to risk the withdrawal of aid in order to achieve its preferred policy outcome. One example of this is the government’s decision in 2005 to cancel the water-supply contract for Dar es Salaam which had been awarded as part of a privatisation condition on World Bank/IMF loans, and supported by a number of donors including DfID.

It is certainly the case that Tanzanian politics is not characterised by debates between distinctive policy platforms. Whatever the nature of the relationship between the government’s policies and those of the donors, the consensus between them seems hold on most issues, and there are few domestic challenges to it. It is hard to discern any real policy leadership from the government if we understand leadership to be persuading donors to fund policies they would not otherwise support. As a result –and as noted in the introduction – a verifiable condition of aid ownership is intrinsically elusive in highly aid dependent countries like Tanzania. That said, there is evidence of a relatively high degree of ownership in Tanzania – the government seems genuinely committed to its development programme. MKUKTA and Vision 2025 etc are a real basis for policy, and current development policies do seem to be delivering results.

Although changes in aid management have not unleashed a distinctive government-led policy platform for Tanzania, it is important not to underestimate the impacts of the procedural leadership which the government has been able to exercise. The changes in donor behaviour outlined above are significant (particularly when compared to Tanzania’s historically rocky relationship with them) and they may yet prove effective in freeing up capacity in the government for more proactive policy development.

## **5. Explaining Changing Aid Management in Tanzania: A Genuine Case of Country Leadership?**

Whether or not the Government of Tanzania exercises genuine ownership over development policy, it seems apparent that it is, at least, taking a more active role in managing its aid than many other aid-dependent countries in Africa. This needs to be explained. The ‘official line’ is that this difference is explained by government leadership in Tanzania, but this simplifies the issue, and ignores the potential impacts of international processes (e.g. in the OECD DAC) and of changing donor policies in Tanzania.

### The Role of International Processes

The first question to consider is the degree to which changing management of aid in Tanzania has been influenced by international processes such as the DAC’s Harmonisation and Alignment agenda. As noted above, Tanzanian initiatives have often preceded their international counterparts. Tanzania had already agreed its National Poverty Reduction Strategy by the time the PRSP initiative was agreed at the international level, and the Tanzania Assistance Strategy pre-dated the Rome Declaration. However, we cannot conclude from this that international-level processes have had no impact on aid management in Tanzania.

As aid management initiatives in Tanzania have evolved, the parallel international-level discussions have been seen as supportive of progress in Tanzania. The Paris declaration, for example, was translated into Swahili and widely distributed in government departments. One donor official described the Paris Declaration as providing a ‘common script’ for government-donor discussions in Tanzania.<sup>45</sup> Even before the emergence of the specific aid effectiveness initiatives such as the Harmonisation and Alignment Agenda, the international environment from the late 1990s onwards provided a permissive environment for the development of the Tanzanian model. The international move towards partnership models of development, and the increasing recognition of coordination issues, meant that donor representatives in Tanzania had the scope to interact with the government, and with each other, in new ways. Also, Tanzania’s involvement in international initiatives such as the DAC’s Working Party on Aid Effectiveness may have been significant in generating knowledge and confidence in the government to move forward with its own initiatives.

While not discounting the influence of the international level completely, it seems clear that country-level dynamics have driven the changing nature of aid management in Tanzania. The next question is the extent to which this has been driven by the government, rather than donors. Although Tanzania is billed as a prime example of

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<sup>45</sup> Interview with donor official



‘ownership’ it is not clear that it is simply leadership from the government that has produced the changes in process and outcomes described above.

### The Role of Donors

Many of the key processes outlined above have been initiated by donors. For example, the original Helleiner Report was proposed by Denmark, rather than the Tanzanian government.<sup>46</sup> The willingness of donor representatives at country level to engage with the Government of Tanzania has been significant. Some examples suggest that this willingness has been driven by donor agency headquarters (e.g. the change of government in the UK in 1997 was seen as significant in explaining DfID’s emergence as a key proponent of reform) while others emphasise the role of individuals operating at the country level (e.g. the role of Jim Adams, World Bank country director for Tanzania and Uganda 1995-2002, was emphasised by a number of interviewees). Whether the willingness of lead donors to engage with the government on aid management has been initiated from headquarters or country representatives, it certainly seems to be the case that actions taken by some donors at the country level put pressure on others to change their behaviour in Tanzania.

The role of ‘like-minded’ donors in creating change across the wider donor group has been significant. For example, the 1997 agreed notes were not supported by all donors, but the support of significant donors including the World Bank and the UNDP meant that their recommendations gained wider currency.<sup>47</sup> There was, until fairly recently, a formally constituted ‘like-minded donors group’ in Tanzania which played a significant role in, for example, establishing the principles on which the Poverty Reduction Budget Support system now operates, but this has now been disbanded. The DPG, the most comprehensive donor group, acknowledges the role of smaller groups: ‘forming small groups...to address specific coordination issues is desirable where broader consensus cannot be established’.<sup>48</sup>

There are several ways in which this ‘peer pressure’ among donors at the country level operates. Firstly, the incentives of individual donors at the country level are affected by the actions of other donors. For example, if a donor’s objective is to influence the government’s policy on a particular issue, and the main forum in which that policy is discussed is in a coordinated budget support arrangement, that donor may have a strong incentive to provide budget support in order to gain influence. Secondly, donors may learn from the experiences of other donors at the country level. Donor officials suggested that both these factors were significant in Japan’s decision to provide some budget support in Tanzania, despite its general reluctance to deliver aid in this way.

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<sup>46</sup> Interviews with Tony, Killick, Gerry Helleiner

<sup>47</sup> Interview with Gerry Helleiner

<sup>48</sup> DAC Secretariat, Tanzania, *Principles for Promoting Harmonisation and Aid Effectiveness*, 2002

Thirdly, donor representatives at the country level may develop shared norms and understandings through repeated interactions. It is certainly true to say that most donor representatives in Tanzania see a lot more of each other than they do of their headquarters. Some in Dar es Salaam respond more readily to pressures from the DPG than to their colleagues based in home capitals.<sup>49</sup> Finally, once certain arrangements are institutionalised at the country level, they can be presented as a ‘fait accompli’ to newly-arrived donor representatives.<sup>50</sup>

All this said, some donors are more responsive to country-level initiatives than others. Some donors (e.g. the various thematic ‘global funds’) do not have resident representatives in Tanzania, and are thus less engaged with processes at the country level. Other donors face very significant constraints on their ability to coordinate due to policies set at headquarters level. For example, the USAID representatives in Tanzania cannot ‘untie’ elements of its aid programme even if they want to – they are restricted by regulations set in Washington DC.

While recognising the importance of international initiatives, and the willingness of donors at country level to change their practices, in creating the space for government ownership and leadership in Tanzania, it would be wrong to conclude that the changes in aid management described above have been generated and imposed independently of the Tanzanian government.

### The Role of Government Leadership

Decisions from the government at key points have been important in shaping events. For example, President Mkapa’s willingness to engage with the recommendations of the Helleiner Report was essential to the emergence of the independent monitoring system, which laid the foundations for much of what followed. The TAS and JAS are both processes ‘owned’ by the government, although donors have had, and are having, significant impacts on their final forms (see below).<sup>51</sup> In some sectors (e.g. health) the government has been able to exercise more influence over donor behaviour. Progress in different sectors seems to have been significantly influenced by the individual ministers involved.

Government leadership also seems to be growing over time. The most recent report from the IMG notes that government ownership has been strengthened as the role it plays in the aid relationship has changed. The national policy process has also become more participatory – the second generation PRS has been more consultative and more

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<sup>49</sup> Interviews with donor officials

<sup>50</sup> Interviews with donor officials

<sup>51</sup> This is in contrast to some other African countries. In Uganda, for example, donors are making efforts to re-produce the TAS/JAS model, but the Government of Uganda has not engaged, and progress on coordination has been significantly slower than in Tanzania.

national in character than the first. The quality of governance has also improved – with greater transparency and increased capacity at both national and local levels of government.<sup>52</sup>

However, the government does not have an internally consistent position on aid management, which limits its capacity to lead the process. For example, the Ministry of Finance strongly prefers aid delivered as general budget support, but sector ministries may have an interest in sector-based funding.<sup>53</sup> Central government departments have only limited capacity to focus on aid, and have been unable to exert effective leadership over line ministries in some cases. This variety of views in the government means that donors can find ‘homes’ for initiatives which do not comply with TAS/JAS standards, which reduces pressure on them to change behaviour.

The donors themselves don’t consider the government to be assertive enough.<sup>54</sup> Despite discussions of setting ‘hard’ conditions for the acceptance of aid, the government hasn’t followed through with actions that directly change donor behaviour.<sup>55</sup> The government may be overestimating the risks of doing this - the latest report from the IMG argues that even if the introduction of hard conditions by recipients initially leads to reduced aid, donors won’t be able to credibly withdraw aid in the long term if recipients are merely implementing principles signed up to by donors in Rome and Paris.<sup>56</sup> However, more than one donor official observed that the government has proved able to ‘steer’ donors without rejecting aid, which may be an indication that the government has made a clear judgement that it does not need to impose hard conditions on the acceptance of aid.<sup>57</sup>

Despite their assertion that the government should be taking more leadership in the aid relationship, donors have resisted some government attempts to exercise this leadership.<sup>58</sup> For example, donors successfully argued for the removal of some of the most challenging content from the TAS.<sup>59</sup> One donor official described the Tanzanian coordination agenda as one of ‘collusion’ between donors and the government – officials on both sides have incentives to demonstrate progress, but neither side has the incentive

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<sup>52</sup> Independent Monitoring Group, Economic and Social Research Foundation, *Enhancing Aid Relationships in Tanzania: Independent Monitoring Group Report 2005*, 2005,

<sup>53</sup> See Wangwe, "The Management of Foreign Aid in Tanzania."

<sup>54</sup> Survey on Harmonisation and Alignment: Tanzania, p.124.; interviews with donor officials

<sup>55</sup> Interviews with donor officials

<sup>56</sup> *Enhancing Aid Relationships in Tanzania: Independent Monitoring Group Report 2005*,

<sup>57</sup> Interviews with donor officials

<sup>58</sup> This ambivalence is long-standing – the original Helleiner Report noted that ‘some [donors] demand that the government take greater control of their programmes and at the same time resist when attempts to do so are at the expense of their own preferred projects’. Helleiner et al., "Development Cooperation Issues Between Tanzania and Its Aid Donors," p.5.

<sup>59</sup> For example, the language on the desirability of GBS was weakened between the draft TAS and the final version – see Bertil Oden and Tone Tinnes, "Tanzania - New Aid Modalities and Donor Harmonisation: What has been the experience? What lessons can be learned?," *NORAD/SIDA* (2003), p.22.

to create radical change. Another donor official made a similar observation about the relationship between the two sides, although drawing different conclusions, noting the existence of ‘mutually reinforcing ambitions’ to improve aid management. It is certainly true that the two sides are ‘inter-mingled’ – donors in effect mediate between different parts of the government, and the government mediates between different donors.

## **6. Understanding ‘Government Leadership’: The Politics of Aid in Tanzania**

The forms of aid management detailed in previous sections represent a very significant shift in the way that the Tanzanian state approaches development planning and its relations with external donors. However, it is the argument of this chapter that it is impossible meaningfully to separate politics from the techniques of aid management and protocol. We have argued above that leadership from the Tanzanian government has been a significant factor in explaining the changes in aid management - what is most interesting is to investigate the various ways in which ‘politics’ (most basically, the workings of power and ideology) has affected the nature of this government leadership and ownership, and the emergence of Tanzania as an aid management ‘showcase’.

We start by considering the ways in which ownership has been generated by the rising prominence of a governing elite in Tanzania that has been substantively socialised into the aid management process to create ‘pockets’ of ownership. This is followed by an overview of the ways in which these ‘pockets’ are limited by other important facets of Tanzania’s politics.

### Aid and Tanzania’s Ruling Elite

The successful construction of Tanzania’s PRSP process, moves towards general budget support, and a range of bold reform programmes (for example in public service reform or decentralisation) have been based on the emergence of an influential group within the state who have two key qualities: an ability to work closely and effectively with external donor agencies, and an ability to generate reform processes within the state that ostensibly ‘roll out’ liberal political and economic change ((Peck and Tickell 2002) ; (Robison 2006)). A key part of the story of Tanzania’s current high esteem in the eyes of donors is about the rise of this group within the Tanzanian government. This rise is, in itself, not a natural process. Whatever the intrinsic merits of the programmes that it champions, this group within the government has been a product of a political process within Tanzania. In fact, it is fair to say that it is in large measure the interaction of aid with *Tanzanian politics* that has produced the showcase, far more so than the intrinsic merits of new forms of development management. Briefly, we can identify three facets of this politics.

First, economic liberalisation has created a context in which the higher echelons of government directly benefit from the aid model propounded by donors, owing to its focus on economic and political liberalisation, and especially how these processes are managed and administered ((Costello 1996)). As in other cases in this book, economic

liberalisation has allowed some to use their political positions to enter emerging markets or engage in opaque deals with external investors. The extent of this kind of ‘straddling’ between public office and international contracting or privatisation is, of course, impossible to quantify. Evidence suggests that, even if not pervasive, this kind of ‘corrupt liberalisation’ is systemic in Tanzania. On the occasions when corruption becomes public and ‘scandalised’ (Riley 1988), one can discern a glimpse of its centrality. The Warioba Report, produced by a judicial inquiry into corruption (which was just as influential in defining Tanzania’s political economy of liberalisation as the Helleiner Report), identified a crisis in leadership partly produced by the gains to be had from the ‘skimming’ of aid (Warioba 1996). In 2001, an unpublished World Bank Operations Evaluation department evaluation of donor-funded anti-corruption efforts stated that little has changed since the Warioba Commission report (Operations Evaluation Department 2001) In 1993/4 (which, as mentioned earlier, marked a donor ‘cooling’ towards Tanzania) it was discovered that the counterpart funds<sup>60</sup> from a donor-funded Commodity Import Support programme were not being collected, leading to allegations that well-placed private businesspeople were bribing officials not to collect the Tanzanian currency that they were supposed to. Donor-supported privatisation has also suffered from public allegations of corruption for example in hydroelectric power (Cooksey 2002).

We should be careful what kind of lesson we draw from the evidence of corruption. It is certainly not the case that all Tanzanian public officials are looking to gain a bribe or extract graft from the the state. Nevertheless many do, and the extent to which highly-placed individuals are enabled to do so is interlinked with the process of economic liberalisation itself. The liberalisation which has driven these behaviours has itself been driven by donors’ aid-based conditionality, benchmarks, and incentives, which underlines the difficulty of separating Tanzanian politics from the aid system. Thus, we can say that there has emerged a kind of ‘market culture’ within the state – reinforced by the influence of New Public Management (Harrison 2004) – which has consolidated that part of the governing elite that donors feel most comfortable dealing with.

Second, the discourses and practices of aid management within Tanzania have had an important *cultural* effect on Tanzanian governance. From the mid 1990s (when, as we have seen, Tanzania became the focus of concerted and substantial donor support), one begins to hear talk of ‘workshop-itis’ in Tanzania. This term is a mild parody of the profusion of donor-funded workshops which have been designed to promulgate new skills and ideas for administrators and planners (Green 2003,130 *et seq.*). These workshops have been based on a series of techniques based in current fashions in aid and development practice: logical framework planning, the creation of matrices with discrete output targets and allocated ‘change agents’, indicative funding estimates, the use of group work and problem-solving activities to promote participation, and so on. There is a political undertow to these approaches to development/aid management in which a certain kind of politics within the Tanzanian government is constructed. Anyone who has

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<sup>60</sup> Counterpart funds are the national currency equivalents of donor ‘hard currency’ which private institutions are required to pay to the state in exchange for international currencies that enable them to maintain imports.

researched aid politics in Tanzania would likely give a similar description to the following: the foregrounding of contemporary aid language such as participation, pro-poor, competition, transparency etc., the busy moving between air-conditioned planning/policy meetings, the use of mobile phones, and involvement in routinised donor-government consultative/motoring/review meetings. This stylised (but representative) description is underpinned by a considerable amount of aid and soft credit that goes towards mainly Western expatriate employment (technical assistance) within the Tanzanian government – some \$254.2 million in 1996 (Table 6.15 in Bigsten 2001). This is backed up by a more general intellectual ‘shaping’ within Tanzania’s think tanks and universities that is also profoundly shaped by donors (Holtom 2005).

From a political or ethnographic point of view, these activities can be interpreted as part of an involuted politics in which a ‘transnational aid domain’ (Gould 2005), page 63; see also (Gould and Ojanen 2003) is consolidated between donors and state officials. For some, this domain is largely self-referential and exists to a considerable extent solely to reproduce itself. However we might judge the clear emergence of an aid discourse in Tanzania (or more correctly, Dar es Salaam), it is certainly the case that this bundle of routines, languages, and practices contributes to a culture shift within the Tanzanian government.

Third, it is also the case that aid is disbursed by donors through motives that are far more complex than a desire to promote development or ‘good governance’. Looking generally at Sub-Saharan Africa, it seems that European donors allocate aid according to economic and geopolitical/strategic motives (Crawford 1997); for the US, the rise of ‘strategic’ concerns, or even the suffusion of developmental concerns by those of ‘security’ is prominent (Barnes 2005, Waters 2006). One result of this is that those governments which have close relations with Western states have an opportunity to manoeuvre politically and diplomatically to enhance their strategic value. The Tanzanian government – like its neighbours Uganda and Kenya – has positioned itself as an ally of both the US and the UK. In negotiations with donor states throughout the late 1990s, Tanzanian officials presented their country as an ‘island’ of stability abutting a turbulent Great Lakes zone. In an interview with high-level Western consultant, Harrison was told that Tanzania’s ability to manage its borders, maintain order, and cope with its refugee influx weighed heavily and favourably on donor’s considerations throughout the late 1990s.

Recently, as the American government has identified East Africa as a key zone in the ‘war against terror’<sup>61</sup> (especially Somalia), Tanzania has worked as an ally of the US within the UN<sup>62</sup> regarding military intervention in Somalia (Shivji 2007). Also, Tanzania is the only country to have two of its nationals act as Commissioners on the Blair report which had a mandate to define a prospective development agenda for the UK and like-minded states. One might see this evidence as piecemeal and circumstantial, but it would

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<sup>61</sup> It is worth recalling that the US Embassy was bombed by terrorists linked to Al Qaeda in ?? and that ?? people were killed in that attack. Thus, it is quite legitimate for Tanzanians to declare themselves as fellow victims of anti-American terrorism.

<sup>62</sup> Tanzania is a member of the UN Security Council. In January 2007, Asha-Rose Migiro the former Tanzanian Foreign Minister became UN deputy Secretary General.

be naïve to assume that none of this international posturing by a highly aid-dependent country is entirely divorced from what international relations theorists call *realpolitik* – from ‘gunboat’ to ‘cheque book’ diplomacy in one Tanzanian intellectual’s polemic formulation ((Mushi 1995)). Thus, one component of changing cultures of governance in Tanzania has been to develop an aptitude for pro-Western gestures that will please those countries that are important bilateral donors as well as influences over multilateral creditors.

In sum, aid has impacted very strongly on the nature of Tanzania’s government: not just in its institutions and procedures, but also more deeply in its culture and discourse. This development encapsulates a set of tensions within the ruling elite as it tries both to adhere to donor desires and designs for ‘good governance’, and maintain or enhance its social power by ‘straddling’ the public and the private sectors. A key ‘glue’ that holds the government-donor nexus together is the ongoing disbursement of aid and soft credit, as well as the practice of development management, based in contemporary international development management orthodoxies and the routines of workshops, technical groups, monitoring, reporting, and summitry. More recently, the Tanzanian government has attained for itself a global political presence as a site of stability in a conflict zone, and as a public supporter of Western security and aid agendas.

#### Limits to the Aid Architecture in Tanzania – Beyond the Elite

As discussed above, donors have made significant progress in encouraging a more substantive procedure of Tanzanian ownership in the way aid is managed. Most prominently in MKUKUTA, there are mechanisms of participation and deliberation built in to how development strategy is devised, and donors are increasingly allocating money into general budget or sector support (although specific project funding certainly remains). Nevertheless, we need to take account of the contours of the new ownership that this has produced. The gist of this section has been to argue that ownership has been centrally a political process that has constructed an *elite* ownership, underpinned by social processes of liberalisation and the culture of aid management. The question begged here is how have aid-funded governance reforms related to constituencies outside of the ruling group? There are three main considerations here which can be briefly related.

First, NGOs and CSOs have been involved in the drawing up of the two PRSPs, mainly through a series of consultative zonal and national workshops. Some business organisations are also consulted on policy matters. Nevertheless, the participation of organisations from within civil society has been very limited and in some respects problematic. The consultation process itself has been highly managed so that Tanzanian voices are ‘projectised’ into the PRSP template: some organisations are selected and others not,<sup>63</sup> the workshops are fed in to a policy making process which makes it possible to filter and edit some of the voices that emerge from consultation. Many of the most vocal CSOs are themselves dependent on bilateral aid, especially from Scandinavian countries, and the majority of CSOs are based in Dar es Salaam which raises issues about

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<sup>63</sup> Some CSOs declined to involve themselves in the PRSP consultative process because they saw it as intrinsically an external and/or neoliberal agenda.

the extent to which they represent any more popular base within Tanzania's moralised national community, the *wananchi* (people) (Igoe 2003 Levine 2002).

Second, there remains within Tanzania an undercurrent of nationalist sensibility regarding the role of external donors. The early stages of Tanzania's liberalisation were turbulent and marked by a stark coerciveness, especially from the IMF. Tanzania's first president, Julius Nyerere, eloquently evoked images of a besieged sovereignty in order to deal strongly with the IMF and World Bank. As economic liberalisation has been rolled out, it has generated hardships for various social groups. Most strikingly, liberalisation has led to a decline in Tanzania's industrial sector<sup>64</sup> – from 14.8% to 8% of GDP between 1996 and 2001 (John & Kenge in *The Express*, 15/6/2001). Some social groups use the enduring notion of a popular 'Tanzanian-ness' to resist aspects of reform. This is evident in the plans to privatise/rationalise Tanzania's railways (Monson 2006), in respect to agricultural marketing (Ponte 2002) ; (Cooksey 2003). There also remains a 'nationalist' sector within Tanzanian business which was represented by Trade and Industry Minister Iddi Simba.<sup>65</sup> In 2001 the Tanzanian government took on a commercial loan to finance the construction of an costly air traffic radar which the UK government's DFID condemned but which the Tanzanian government purchased largely out of 'national sentiment' and security (Kelsall 2003).

Third, as noted already, much of the new politics of aid in Tanzania is focussed within a specific social space: downtown Dar and to some extent Dodoma and the larger regional cities (Gould and Ojanen 2003). Outside of these spaces, aid-funded projects have to 'work through' state structures that are far less easy to map, control, or monitor, and which have evolved in complex interactions with local societies (Gibbon 2001). Thus, initiatives that emanate from Dar do not by a long stretch tell us anything about implementation and the influences of local politics (Kelsall 2003). This is a key reason why donors have funded an ambitious Local Government Reform Programme (LGRP) with a view to increasing the capacity of District governments to manage larger amounts of money coming from the central state. District government, which sits above village and ward government, is small-town government serving a surrounding area of villages. Evidence from fieldwork by Harrison suggests that the diffusion of new forms of development management at the District level has created a nucleus of reform that has hardly affected the embedded repertoires of local politics, except in an opportunistic way. It is certainly the case that the LGRP does not in any way address village-level politics, and it is by and large focussed on the institutional ability of District governments to receive, manage and monitor disbursements from the Ministry of Finance. Just as has been the case at the national level, the logic of the LGRP is to treat politics as a management/ technical issue and only tangentially to consider the ways in which more substantive forms of politics might affect the way development is practiced.

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<sup>64</sup> It is worth bearing in mind that Tanzania's industrial sector was very inefficient before liberalisation, so this decline in industry is not a defence of centralised state ownership of industry.

<sup>65</sup> Simba resigned in 2001, raising debates about emerging tensions between 'donor' and 'nationalist' factions and corruption within the ruling CCM.



## Tanzania's 'aid politics'

This section has suggested that the inculcation of 'ownership' has to be seen within a broader political context of changing forms of governance and state-society relations. This context puts the construction of Tanzania's aid management architecture into a perspective that makes reforms appear more modest and more complex to evaluate. In addition to the 'pockets' of ownership that new aid initiatives have promoted, we should conclude by reflecting on how such high levels of dependence on aid and credit affect Tanzanian governance, drawing on the discrete patterns of political change that we have sketched out earlier in this section.

Tanzania has been engaged with negotiations for external finance and aid as part of a broad push to further economic and political liberalisation for twenty years now. Therefore, we must understand each innovation in the aid regime as part of a longer historical process of externally-advocated reform and donor-state negotiation. In the current period of high-level funding and cordial donor-state relations, it seems that much of the 'country ownership' currently extant in Tanzania is to some degree anticipatory. That is, government technicians and planners know very well what kinds of development management discourse appeal to donors and they evoke these terms and techniques in order to increase their chances of gaining approval and access to aid and credit. This is something that Therkildsen identified in the way in which (donor-funded) administrative reform had been implemented. More generally, Bigsten et al. note that 'policy analysts sometimes read the minds of IFI officials and later come up with their "own" policy choices' (Bigsten 2001, 327). This tendency suggests that in part the current 'ownership' of aid in Tanzania is paradoxically a product of a long-established and pervasive 'overview' by external agencies (Harrison 2004).

This enduring external 'overview' is ultimately premised on the possibility that external aid will be cut off – although it is now the case for Tanzania that this cannot happen without some lead time. Thus, it is vital for the Tanzanian government to maintain a concerted effort to keep donors and creditors appraised of reform progress and to work hard to ensure that progress is satisfactory. Thus, the Tanzanian government has to negotiate with two constituencies: the international donor community, and the social pressures exerted by groups within Tanzania. This has led Tanzanian politicians to adopt what Richey calls a 'strategic ambiguity' (Richey 1999) in which it is possible to please donors without being too specific about reform commitments and to use this ambiguous space to practice other forms of politics which might do violence to the liberal or technical assumptions which underpin aid management. This creates a tension between the Tanzanian government's 'shop window' politics, which are for the consumption of donors, and its 'smoke-filled room' politics, which is characterised by the strategic/political allocation of resources and the consideration of factions, regions, and ethnicity (Kelsall 2001).

## 7. Conclusions: Sources of Tanzania's Leverage in the Aid System

Although Tanzania does not present a clear-cut case of *country* ownership or leadership in the aid relationship, the extent of *government* ownership and leadership of external financing stands in clear contrast to many other aid-dependent countries. New systems of aid management have evolved in partnership with the government, even if not always led by them. Over the ten-year history presented here, significant trust has been built up between the government and its donors, and the government has been able to achieve a number of its priorities (e.g. increased budget support, improved donor coordination). The emerging incentives, norms and institutions generated between government and donors, and among donors themselves, have been significant in changing the way in which aid is delivered in Tanzania. There are some indications that the government is growing in both confidence and capacity to set its own development policies, although the apparently high degree of consensus with major donors makes this hard to assess.

On the face of it, Tanzania does not appear to have many sources of leverage with its donors. As a highly-dependent 'donor darling', it seems an unlikely candidate to be the location for a significant re-balancing of government-donor relations. However, both donors and the government itself may have underestimated the sources of leverage available to Tanzania.

In fact, it may be Tanzania's status as a 'donor darling', which makes it appear so vulnerable, which gives the government its best leverage. Having heralded Tanzania as a success story both for aid-funded development, and for a new model of aid itself, donors have a lot at stake.<sup>66</sup> If the Tanzanian model were seen to fail, it would have repercussions for the credibility of the aid system more generally. Particularly in the context of increasing aid volumes, donors will increasingly need 'reliable' country partners where they can disburse large amounts of funds rapidly, and with demonstrable results. Tanzania's success in establishing itself as one such reliable partner in the last decade may allow it to gain ever-increasing influence with its donors. The institutions which the government has established to manage its relations with donors, while largely procedural at present, may yet free up policy space for future Tanzanian governments. Donors may also find themselves increasingly constrained by both their international commitments, and by the institutions they have helped to establish in Tanzania.

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<sup>66</sup> Harrison, "Post-Conditionality Politics and Administrative Reform: Reflections on the Cases of Uganda and Tanzania", *Development and Change*, Vol 32 (2001), p672

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