



Country Strategy Paper

Tanzania 2007–2010

Tanzania

 **Irish Aid**
Department of Foreign Affairs
An Roinn Gnóthai Eachtracha



Front cover pic:
Masai girl with mosquito net, Gwara, Tanzania

“ The overall goal of the Country Strategy Paper is to support the Government of Tanzania’s efforts towards reducing poverty and vulnerability, promoting growth and increasing opportunity for the people of Tanzania. ”

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Contents

Foreword	5
Executive Summary	6
1 Background	7
1.1 Country context	7
1.2 The case for increased aid	8
1.3 Policy framework for the CSP	8
1.4 The Joint Assistance Strategy of Tanzania	9
2 Irish Aid programme - Lessons Learned	10
3 The Strategy 2007 – 2010	13
4 Putting this strategy into effect	15
4.1 Rural livelihoods and growth	15
4.2 Social development	15
4.3 Good governance	16
4.4 General Budget Support	18
5 Ways of working	20
5.1 Our partners	20
5.2 Mix of aid modalities	20
5.3 Visibility and communication	20
6 Quality Assurance Framework	21
6.1 Risk	21
6.2 Monitoring	22
6.3 Research and learning	22
6.4 Audit	23
6.5 Evaluation	23
7 Management	24
8 Budget	25
Abbreviations	26
Image Credits	27

Foreword

Tanzania, with a population of some thirty-nine million, is currently ranked 159 out of 177 countries in the United Nations Human Development Index. Life expectancy is low at just 51 years while an estimated 58% of the population is living on less than a dollar a day.

Tanzania is ambitious and wants to achieve middle-income status by 2020. Reaching the targets set in the Millennium Development Goals is a stepping stone towards that aim. The Government of Tanzania has set out its own national development plan to reduce poverty and stimulate growth. It is leading its own development process and has been to the fore in seeking greater coherence and co-ordination from donors including multilateral organisations such as the United Nations.

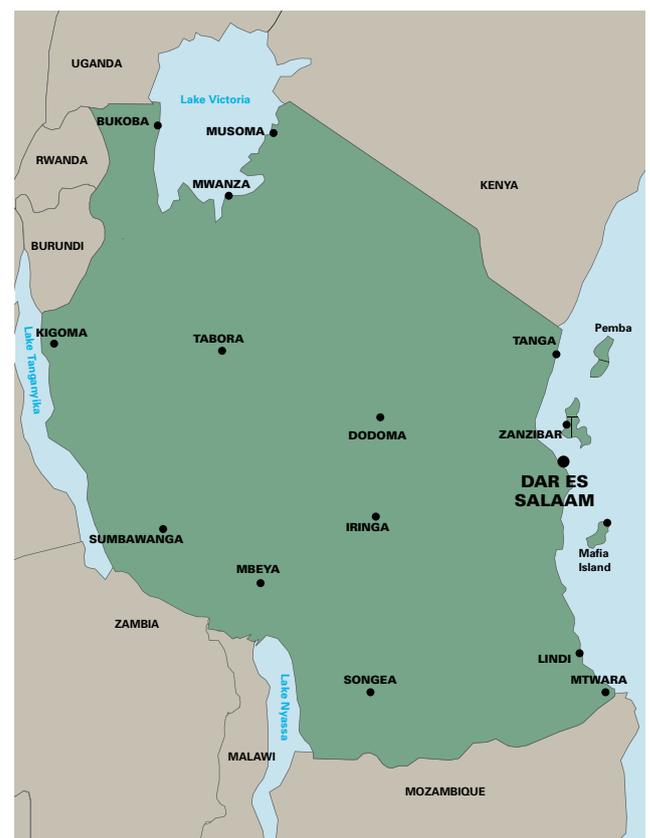
Ireland is making an important contribution to help the people of Tanzania realise their development goals. The Irish Aid programme of support has evolved over the years in line with the changing aid environment.

Guided by the *White Paper on Irish Aid*, Ireland's strategy for the period 2007 to 2010 is designed around the

Government of Tanzania's own national development plan, the *Mkukuta*. Irish Aid will focus its support on three main areas: rural livelihoods and growth; social development; and good governance. Over that time, Irish Aid expects to provide nearly €170 million in direct bilateral aid. Additional support will be channelled through NGOs and international organisations.

Our assistance is focussed on those areas where we believe we can give added value. We will continue to harmonise our efforts with the Government and to work closely with other donors to deliver more effective aid. Building on our experience and our efforts to date, we look forward to continuing our close cooperation with the people of Tanzania in support of the country's growth and development.

Anne Barrington
Ambassador
Embassy of Ireland
Dar es Salaam



Executive Summary

Tanzania is one of the largest countries in East Africa and is one of the poorest countries in the world. In 2007, Tanzania was ranked 159 (out of 177 in the UN's Human Development Index) with over one third of the population living below the national poverty line. Poverty levels are greater in rural areas, where 80% of the population lives, and highest among households that depend on agriculture for their livelihood. However, aid is making a difference and good progress has been made in respect of a number of the Millennium Development Goals.

The Irish Aid programme in Tanzania has grown considerably since it was first established in 1975. This Country Strategy Paper (CSP) sets out Irish Aid's strategy for development cooperation in Tanzania over the period 2007-2010. It is the culmination of a lengthy process of consultation and draws on the Joint Assistance Strategy of Tanzania (JAST) and a Joint Programme Document prepared by all donors. It is based around Tanzania's national development plan, the *Mkukuta*. It reflects the lessons learned over the period of the previous CSP 2003-2006.

The support which Ireland provides within the framework of the CSP will help reduce poverty and vulnerability and increase opportunity in Tanzania. The support will focus on specific priorities in each of the three main areas or "clusters" of the *Mkukuta*. In implementing the CSP, Irish Aid will focus on pro-poor local development; promotion of aid effectiveness and mainstreaming of Irish Aid's cross-cutting issues (HIV/AIDS, Gender, Governance and Environment).

Overall direct bilateral support is projected to increase from €32 million in 2007 to over €49 million in 2010. The total bilateral support budget for the period is projected at nearly €170 million. Additional support will be provided through NGO partners.

Irish Aid works in partnership with the Government of Tanzania. Irish Aid will work directly with the Government and alongside other donors and NGOs. Support which is provided directly to Government will be complemented by support for a number of civil society organisations in each of the *Mkukuta* clusters.

The first section of the CSP describes the context and rationale for the Irish Aid programme in Tanzania. This is followed by a section on the lessons learned from the previous CSP and a description of the objectives of the 2007-2010 strategy, which will show how Irish Aid will contribute to the achievement of the Government of Tanzania's own strategy, the *Mkukuta*. The final section details how Irish Aid will manage the implementation of the programme over the four year period.



Farming with hand hoes, Morogoro.

1 Background

“Poverty destroys human potential, increases vulnerability and limits opportunities. Poverty can make rights unattainable and weakens governments and societies. Poverty can turn environmental and economic shocks into humanitarian disasters.” White Paper on Irish Aid, page 20.

1.1 Country context

Tanzania’s political and macro-economic stability makes it an attractive location for donor funding. The process of multi-party elections is well-established and the consensus is that the 2005 elections represented a major improvement over previous polls, notwithstanding concerns over Zanzibar. Nevertheless, Tanzania faces challenges associated with the dominant position of the ruling Chama Cha Mapinduzi party and the comparatively weak (although strengthening) checks and balances from civil society and the media. On the economic front, President Kikwete has pledged to continue the reforms of his predecessor which have generated strong growth over the last decade.¹

There is evidence too that aid is making a difference. Irish Aid’s assistance through general budget support and its sector level engagement have contributed towards the notable progress that has been made towards achieving the Millennium Development Goals. Irish Aid’s support for the Primary Education Development Programme has been instrumental in helping Tanzania to achieve Goal 2 on Universal Primary Education and Goal 3 on gender equality in primary schools.² Other Goals already achieved concern the proportion of the urban population with access to safe water and basic sanitation (Goal 7) and the global partnership for development (Goal 8).

Encouraging progress has been noted in other aspects of human well being:

- > Infant mortality has been reduced from 115 per thousand (1988) to 76 per thousand in 2005
- > Life expectancy increased from 49 years in 1988 to 51 years in 2005
- > The proportion of chronically undernourished (stunted) children declined from 44% (1999) to 38 % (2004).

Nevertheless, Tanzania, ranked at 159 on the UN’s 2007 Human Development Index, remains one of the world’s poorest countries with 58% of the population in

2001 living in poverty.³ Much more remains to be done. For example, progress on health-related Goals 5 and 6 (reduction of maternal mortality, combating HIV and AIDS, malaria and other diseases) is less certain despite improvements in policies, institutions and funding. Accordingly, increased support for the Health sector will be a part of our programme over the CSP period.

Poverty cannot be tackled effectively in Tanzania unless the agriculture sector, upon which the rural population is heavily dependent, is reformed. Some 80% of the population live in rural areas where the impact of increased levels of aid has not been as marked as in larger towns and cities. Irish Aid and other donors have therefore placed more emphasis on tackling poverty at local level and have advocated for more delegation of power and resources to districts through mechanisms such as the Local Government Reform Programme.

The agriculture sector is beset by structural constraints and faces many daunting challenges, not least the impact in recent years of drought. Yet few donors are providing support. Irish Aid has helped to support the development of a coherent national plan for agriculture and the establishment of a funding basket. Plans to increase support in the coming years are discussed below (Section 4).

Another prerequisite for poverty reduction is a well-established and robust system of governance. With the support of donors like Irish Aid, some areas of governance have been strengthened. Various mechanisms such as a National Anti-Corruption Strategy and a Public Sector Reform Programme have been in place for some time. Irish Aid has focused in particular on Local Government Reform and has contributed to improvements in accounting standards at district level.

However, much remains to be done to strengthen governance and combat corruption. Accordingly, Irish Aid will continue to take a leading role in governance at local level and at the same time will become involved in new areas: civic education (in association with the UNDP) and support for the media (See Box 1 and section 4).

¹ GDP growth has exceeded 6% since 2000 and reached 6.7% in 2004 and 6.8% in 2005.

² Though progress on gender equality is much slower at second level.

³ Based on the standard international definition for absolute poverty of one dollar a day. The most recent data dates from the 2000/2001 household budget survey. The 2007/2008 survey is currently underway, with results expected mid 2008.

Box 1

Governance and Corruption

President Mkapa made good governance a central theme of his presidency (1995-2005), achieving progress across most governance indicators. In 1999, he introduced a more disciplined approach to macro-economic and structural changes and a programme⁴ of reforms set within the *National Framework for Good Governance*.

As in many low-income countries, corruption is a major concern in Tanzania. In response to this, the National Anti-Corruption Strategy and Action Plan was launched in 1999. Reforms have closed avenues for corruption, but convictions have been few. However, governance indicators from several sources⁵ point to a positive trend. Tanzanians surveyed in 2006 felt that corruption was decreasing⁶ while the World Bank Institute reports steady improvement in the control of corruption since 1996 and assesses corruption in Tanzania to be about average for the region.

Mkapa's successor, President Kikwete has backed the anti-corruption strategy for 2006-2011 which will attack root causes in a more systematic way. Issues to address include: a lack of access to public information legislation, a lack of systematic corruption surveying and reporting, weak sanctions, internal and external audit and accounting standards. Corruption and anti-corruption remain key issues for donors and are routinely discussed at the highest levels and in reviews of the core reforms and of General Budget Support.

1.2 The case for increased aid

It is clear that Tanzania provides a favourable climate for increased aid and that aid monies can yield results. It is also clear that despite these gains, major social and economic problems must be overcome in order to bring about lasting change in the lives of those most in need.

Responsibility for eradicating poverty and for the country's development lies first and foremost with the Tanzanian Government and people. This applies as much to financing as it does to planning and implementation. The Government has made good progress in generating, collecting and channelling revenues towards poverty reduction activities.

But the scale of the challenges is so great that increased donor support is essential. It is estimated that total aid flows need to double from €641 million in 2005 to €1.2 billion by 2015 if Tanzania is to achieve the Millennium Development Goals.

1.3 Policy framework for the CSP

"Developing countries must lead their own development. The most important actors in development are the individuals, communities and countries we are trying to assist. As donors, ours is a supporting and facilitating role, but a no less important one." White Paper, Page 28

The *Mkukuta* sets out a broad, strategic policy framework to promote growth and reduce poverty. It identifies three clusters of broad outcomes:

- (i) growth and reduction of income poverty
- (ii) improvement of quality of life and social well being
- (iii) governance and accountability.

Each cluster has a set of goals and targets with corresponding interventions and actions identified. As Irish Aid is committed to pursuing these objectives, it is appropriate to organise the programme around these clusters.

The *Mkukuta* has been widely recognised for the strong emphasis it places on mainstreaming gender, governance, HIV and AIDS and environment. This provides an excellent foundation to advance these cross-cutting issues across the programme.

⁴ The core reforms include Public Sector Reform, Local Government Reform, Public Financial Management Reform, Legal Reform and the National Anti-Corruption Strategy.

⁵ The sources, amongst others, include the World Bank Institute, Transparency International, Freedom House and the Fraser Institute

⁶ Afrobarometer and REPOA Briefing Paper No 33, 2006



Awilu, 7, collects water at Samaria waterpoint.

1.4 The Joint Assistance Strategy of Tanzania

The *Mkukuta* describes broadly *what* actions Government and donors will take to address Tanzania's development challenges. *How* donors collectively go about that is set out in the Joint Assistance Strategy of Tanzania (JAST). The formulation of JAST was led by Government, reflecting its desire and increasing willingness to take ownership of the development agenda. The final JAST memorandum was signed by Government and donors in December 2006.

The JAST seeks to implement the international agreements on harmonisation and aid effectiveness agreed in Rome (2003) and Paris (2005). Under JAST, donors have committed to make aid more effective and efficient by agreeing to:

- > strengthen national ownership of the development process
- > ensure that aid is aligned with Government priorities and systems
- > harmonise donor processes and procedures
- > reduce the high transaction costs from multiple donor strategies, overlapping processes, meetings, reviews and visiting missions
- > strengthen accountability of Government to the citizens of Tanzania.

The JAST is complemented by an Action Plan covering concrete activities, targets and timeframes for implementation and a monitoring framework with indicators to measure Government and donor performance. It envisages that donors will engage in a division of labour and that over time each donor will reduce the number of sectors in which it is involved. Based on this, Irish Aid has decided to discontinue its direct funding of the education sector and to scale up and deepen its support for other areas of the programme.

2 Irish Aid programme - Lessons Learned

“The methods of aid delivery have evolved considerably in the last 10 years. Ireland and other donors have moved away from a project-centred approach towards a more programmatic approach led by partner governments.”
White Paper on Irish Aid, page 71.

Over the period 2003-2006, Irish Aid provided over €112 million in direct development assistance to Tanzania. More than €21 million of this was provided to the health sector, €23 million to the governance sector, €11 million to education and €42 million to General Budget Support.

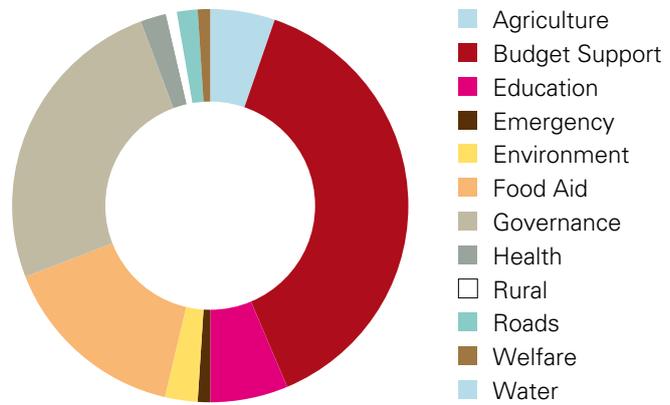
The 2003-2006 Country Strategy was a broad programme both in terms of sectors and modalities. In practice, the various programmes and projects contained within the CSP often remained as discrete entities rather than linking and informing each other. Financial management and capacity problems arose in some projects and area based programmes and presented a considerable management burden. Furthermore, the demands of engaging at a micro level with multiple programmes and projects affected the capacity to pursue the broad objective of furthering Tanzania’s development at national level.

Addressing this type of issue is at the core of the JAST, which supports government-led processes at a national level and promotes donor harmonisation and specialisation based on agencies’ comparative advantage.

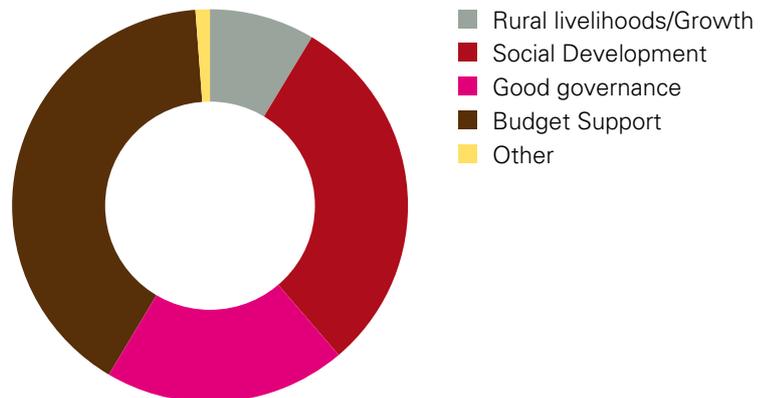
It is within this context of specialisation and division of labour under the JAST that a more focussed, manageable and balanced country programme has now been elaborated. Over the last four years, the programme has moved from being one of many sectors and projects to one using a more programmatic approach (see Figure 1). This has allowed Irish Aid to concentrate resources (both financial and human); deepen its impact and raise Ireland’s profile within sectors where it has developed particular strengths and expertise. The programme is positioned at the heart of national process and involves deepened engagement in Governance, Agriculture, Health and General Budget Support through increased funding and taking on key roles in the relevant donor groups.

Figure 1: Rationalisation of the Programme 2003 – 2006

2003 (€19.4m)



2006 (€25.8m)



↳ Box 2

Key Lessons Learned from Irish Aid Programme 2003-2006

External Environment

- > National ownership, harmonisation and effectiveness of aid have emerged as central principles in the aid environment of Tanzania
- > Tanzania's capacity to manage aid is improving
- > The donor community has shown significant scope and appetite for increasing harmonisation and coordination
- > Taking advantage of these conditions will enhance programme effectiveness.

Internal Environment

- > Programme was skewed towards project modalities at the local level and the non-strategic mix of aid modalities incurred high transaction costs without comparable gains in terms of outcomes
- > The next CSP needs to be sufficiently broad and flexible to remain relevant, to adapt to ongoing change and should be reviewed regularly with HQ
- > There is a need in the next CSP to develop skills, to focus on the national staff base and to address capacity/workload issues
- > Cross cutting issues should be more robustly addressed in the next CSP
- > Given increasing pressures on Irish Aid's human resource capacity, the next CSP must be designed in such a way that it can be implemented with limited technical support from HQ and within the current level of human resources available to the Embassy
- > Monitoring arrangements must be defined and manageable, so that it is clear how and what must be measured in order to determine the success of the programme
- > Principles that guide interventions and improve programme coherence need to be developed.

The process of change as described above represents a more effective, efficient and responsive way to manage Ireland's aid programme in Tanzania. More specifically, arising from this CSP, Irish Aid expects to benefit from:

> *Reduced Transaction Costs*

Folding in some discrete donor projects⁷ has reduced transaction costs and supported government-led processes. Transaction costs in the civil society area have been reduced by forming direct partnerships with a few well-developed civil society organisations and by supporting less developed civil society organisations through jointly funded umbrella mechanisms such as the Rapid Funding Envelope (HIV and AIDS) and the Foundation for Civil Society (good governance).

> *Strengthened Policy Dialogue*

Focusing the programme on a few key sectors has allowed Irish Aid to play lead roles in policy and sector dialogue. The increased emphasis on working through national systems does not represent a shift away from the principle of development at the local level. Rather, it is an approach that allows Irish Aid to address local development issues from within national structures and subsequently to achieve widespread sustainable outcomes.

> *Developing Irish Aid's Comparative Advantage*

The reduction in the number of sectors and spread of the programme has created space to engage more strategically and to focus on key areas of expertise. Direct support to the Education sector has been phased out.⁸ This decision was taken following an analysis of how best to build on and strengthen Irish Aid's comparative advantage. Key criteria considered included: importance of the sector in reducing poverty; Irish Aid's relative contribution (expertise and finance); the number of like-minded donors within the sector; and the sector's need and capacity to manage funds effectively.

Overall the programme has become more focused and this has allowed for deepened engagement in those sectors in which Irish Aid has a comparative advantage and provides a basis for exploiting programme linkages more effectively. Such linkages include improving policy coherence between local government reform and the health sector, and linking civil society support for pastoralism to national agriculture policy dialogue. This more joined-up way of working, using a team approach, will be further refined through implementation of the new Country Strategy.

⁷ Examples of this include our support to the National Malaria Control Programme folding into the National Health System, The Eastern Zone Client Oriented Research and Extension project into the Agricultural Sector Development Programme and three Area Based Programmes into the Local Government Capital Development Grant.

⁸ We still provide support to this sector via General Budget Support.

3 The Strategy 2007 – 2010

*“Poverty reduction, to reduce vulnerability and increase opportunity, is the overarching objective of Irish Aid.”
White Paper on Irish Aid, page 9.*

This Strategy demonstrates *how* Irish Aid in Tanzania will contribute to implementing White Paper commitments and to achieving the *Mkukuta* outcomes. It is built upon experience and lessons learned from almost 30 years of Irish Aid assistance to Tanzania. It takes account of Tanzania’s need for more coherent support from its 45 donors, based on the principle of greater specialisation through division of labour. The Strategy will deliver a focused programme over the period 2007-2010 and will provide quality support to assist Tanzania to make faster progress towards the MDGs, especially those currently off-track.

Figure 2 below sets out the framework for the Country Strategy. The goal is that of poverty reduction, reducing vulnerability and increasing opportunity.

The Country Strategy will contribute to achieving this goal by directing resources and efforts towards specific components of Tanzania’s national growth and poverty reduction strategy, the *Mkukuta*. It focuses on four key programme areas which are aligned with the clusters of the *Mkukuta*, namely:

- > Rural livelihoods and growth (Cluster One)
- > Social development (Cluster Two)
- > Good governance (Cluster Three)
- > General Budget Support (supporting *Mkukuta* as a whole).

The strategic objectives which flow from these programme areas are set out in the following sections.

Figure 2: Overview of Strategy



In order to shape a distinctive Irish engagement in Tanzania, the programme will be guided by key principles drawn from the MDGs, the White Paper, the *Mkukuta* and lessons learned in Tanzania. This will define how Irish Aid will behave as a donor; will form a common thread across the key programme areas, resulting in a more coherent Irish Aid engagement; will provide the basis of annual programme planning and will be subject to regular monitoring. These principles are:

- > enhance **pro-poor local development**. Irish Aid will focus at the local level in order to ensure that national policies translate into tangible benefits for the poorest and most vulnerable
- > promote, in conjunction with other donors, **aid effectiveness** both through harmonising and aligning aid and actively encouraging others to do so. Irish Aid will support government-led processes and align with them; encourage a programmatic approach to supporting civil society; undertake joint donor missions; improve coherence between bilateral and multilateral's approaches and promote the alignment of global initiatives with the JAST.

> **continue to mainstream Irish Aid's cross-cutting issues** across the programme by:

- » advancing gender equality to ensure that the underlying inequalities between men and women are factored into our programme and that steps are taken to address these
- » enhancing good governance, including promoting the role of civil society and strengthening the role of audit in financial management
- » preventing HIV and reducing the impact of AIDS through taking into account those factors which link HIV and AIDS and poverty within the programme
- » promoting environmental sustainability will be factored into the programme in an incremental way, as capacity is built in this area. In the meantime, Irish Aid will support the government and other donors' efforts to promote this issue within Irish Aid programme areas.

Translating these principles into action will come about through a pragmatic and incremental approach and will involve developing staff competence and strengthening institutional arrangements.

4 Putting this strategy into effect

"If we are to be effective, our efforts must be focussed. Recognising that we are part of a wider international effort, we know that our impact will be greater if we work well in a limited number of areas and coordinate and cooperate with others..." White Paper on Irish Aid, page 29.

4.1 Rural livelihoods and growth

"The government is committed to increasing its efforts to reduce the proportion of the rural population living below the basic needs poverty line from 38.6 % in 2001 to 24% by 2010 and food poverty line from 27% in 2001 to 14% by 2010." Mkukuta, Page 38.

Poverty reduction cannot be achieved in Tanzania unless the agriculture sector is supported. Irish Aid played a leading role in putting in place the new national programme for agriculture and is recognised within the local donor community as having a strong in-house capacity and a comparative advantage in the area. Relatively few donors currently support agriculture⁹ so Irish Aid funding for the sector is particularly important.

Drawing on its comparative advantage and *Mkukuta* Cluster 1, the objective of the livelihoods and growth strategy will be: *"To promote sustainable rural livelihoods which contribute to broad based growth"*. In pursuit of this objective, this strategy will focus on four mutually-reinforcing outputs:

- > *Local government, the private sector, civil society and farmers engage more effectively in the agriculture sector resulting in better livelihoods and rural growth*
- > *Civil Society groups make a greater contribution to rural livelihoods*
- > *Vulnerable communities are supported to withstand livelihood shocks*
- > *Local economic development leads to improved rural livelihood outcomes for poor women and men.*

Funding for the National Agriculture Sector Development Programme (ASDP) will be increased to reflect confidence that the ASDP will enable government to focus on priority areas and to avoid the dispersion of effort and resources, a feature of the former project-based system. To ensure the success of the programme it will be important for Irish Aid and other donors to track its impact on the ground. Within the ASDP, Irish Aid will take the lead on development and implementation of district agriculture plans, capacity building

for farmer organisations and access to extension services.

Increased funding for the ASDP will be complemented by support for civil society. Irish Aid has been leading the development of a joint funding arrangement on pastoralism and land rights, an area in which the Embassy has been involved for several years. Additionally, support under the livelihoods cluster will include scope to respond to emergencies and humanitarian situations.

Irish Aid will identify and support partners that have the institutional capacity to respond effectively when a crisis occurs. Where emergency needs do not arise, these funds will be provided to the ASDP to further its work in addressing chronic rural poverty. Irish Aid will also conduct studies in 2007 to identify possible entry points for a new initiative of support to the rural private sector.

4.2 Social development

"The government recognises the central role of social service sectors in achieving the goal of improving quality of life and social well-being." Mkukuta, page 41.



New mother in post-delivery ward, Mount Meru Hospital.

⁹ Just two bilateral and three multilateral donors are providing support for 2007/08.



Masai from Twatwatwa.

The Joint Programme Document notes impressive improvements in child health, stabilisation of the HIV and AIDS epidemic at 7% adult prevalence rate and high gender parity in primary schools. However, it also notes that Tanzania remains off-track for the health-related MDGs and highlights the human resources for health crisis, malnutrition, the increasing feminisation of the HIV and AIDS epidemic and a culture of tolerance towards gender-based violence.

Having regard to Irish Aid's comparative advantage and national priorities in *Mkukuta* Cluster 2, the objective of the social development strategy is: *'To achieve improved quality of life and social well-being, and to reduce inequalities affecting the poor and most vulnerable'*. In pursuit of this objective, this strategy will focus on four mutually-reinforcing outputs:

- > *Improved basic health services that work better for those most at risk and women*
- > *Enhanced national response to HIV and AIDS, with a focus on prevention of HIV, particularly among women and young people*
- > *Gender equality promoted and mainstreamed effectively in government strategies*
- > *Improved aid effectiveness in the social sectors.*

Support for the Government's national health system will be through the health basket¹⁰. In July 2007 Irish Aid took on a strategic role as lead donor for health and, based on an agreed division of labour, is focusing in particular on human resources and maternal and child nutrition. Irish Aid will support civil society to improve governance in the health sector, to provide evidence-based research for informing policy and to strengthen in the area of disability. Irish Aid's focus on health will also help to combat HIV and AIDS.

Direct funding for HIV and AIDS will remain relatively modest due to significant increases in funding from other donors, particularly for care and treatment. But Irish Aid will build on its experience in the prevention area, particularly for women and youth, and primarily through policy dialogue and in support of civil society.

HIV and AIDS and Gender will be mainstreamed across the programme. For gender in particular, Irish Aid will continue to engage in the Gender Macro-working group and the newly formed joint donor group to promote gender equality through macro-level policy dialogue.¹¹ In line with Ireland's international role in combating gender-based violence, support will be channelled to civil society in this area.

Aid effectiveness will be enhanced through a range of measures including a focus on improving sector dialogue, improving alignment of the health basket, harmonised support to civil society and improving coherence between global health initiatives and research at country and HQ level.

4.3 Good governance

"The government is committed to developing structures and systems of democratic governance as well as the rule of law that are participatory, representative, accountable and inclusive." *Mkukuta* Page 49.

Governance indicators from several sources (see Box 1 in section 1) point to a positive trend in Tanzania. While the World Bank Institute highlights substantial improvements in most of its governance indicators, the basic message is clear: there have been improvements but there is still also a long way to go. Progress under the governance cluster is fundamental for the other clusters. If broad-based growth and improvement in the quality of life and social well-being is to take place, good governance has to prevail.

¹⁰ The Health Basket is a joint funding mechanism supported by eight donors

¹¹ The Macro Working Group is chaired by the Ministry and comprises government, donor and civil society members. Its aim is to support government to achieve the gender equality targets set out in *Mkukuta*. The donor group aims to strengthen donors' commitment to realising gender equality aims.



Arusha Central Market

Having regard to Irish Aid's comparative advantage and to Cluster 3 of the *Mkukuta*, the objective of the governance and accountability component of the CSP is: *"To improve good governance and local development across Tanzania"*. In pursuit of this, the strategy will focus on two mutually-reinforcing outputs:

- > *Public services and public administration are improved at the local level*
- > *The relationship between government and citizens is deepened through increased transparency that provides for greater accountability of government to the public.*

Real poverty reduction cannot be achieved without progress at district level and as such good governance and service delivery at district level is a priority of the CSP. In this context, implementation of local government reforms that seek to build the capacity of local government and to give more autonomy to local councils is particularly important. As co-chair of the donor group on local government reform, Irish Aid will continue to push and support local government reforms, to fund devolved grants to the district level and to advocate for the inclusion of HIV and AIDS and gender issues in local government reforms.

Support for civil society will be increased to help it to act as a watch-dog on government spending and to promote citizens' social and economic rights. Two new strands will also be added in the area of domestic accountability. Firstly, Irish Aid is involved in setting up a joint initiative to strengthen the media, including investigative journalism. Secondly, Irish Aid will support a new UNDP Programme on Deepening Democracy in Tanzania that aims to strengthen the capacity of Parliament, electoral commissions, civil society and political parties. The programme will also seek to broaden understanding of and participation in the democratic process and will include support for the African Peer Review Mechanism.

As with the mainstreaming of all of the cross-cutting issues, attention to good governance will be addressed across all clusters. This will encompass support to civil society organisations working in the relevant area (e.g. Health Equity Group under Social Development and pastoralist NGOs under Rural Livelihoods). In addition, governance will be promoted in specific sub-areas (e.g. enhancing the role of Health Boards in the governance of health facilities, or improving participation of women within district agricultural plans). Finally, Irish Aid will retain a focus on the cross-cutting issues at working group level and during annual sector and budget support reviews.

Irish Aid has a comparative advantage in Tanzania in the area of audit. Through a sustained focus on audit across the various areas of the programme, efforts will be made to strengthen financial accountability and thereby to promote value for money and aid effectiveness.

4.4 General Budget Support

“General Budget Support allows governments to take the lead in planning their own development and it helps ensure the long term sustainability of progress made.”
White Paper on Irish Aid, page 71.

In addition to providing support to these specific clusters, Irish Aid also contributes General Budget Support to underpin the implementation of the *Mkukuta*. This enables it to support national development as a whole, rather than focusing narrowly on individual projects or specific sectors. Budget support allows the Government to plan and allocate resources more effectively; strengthens national ownership; and improves the predictability of the financial resource at its disposal.

In 2005 and 2006, two substantial pieces of research that assessed the impact of budget support in Tanzania and in seven other countries were published¹² These concluded that budget support is an efficient, effective and sustainable way to support national poverty reduction strategies, that the provision of funds through the national budget system has produced systemic Government-wide effects on capacity, and has particularly strengthened public financial management.

Irish Aid’s objective in providing funds directly to the Government is: *“To contribute to Tanzania’s economic growth and poverty reduction in all its dimensions by supporting the financing, implementation and monitoring of Mkukuta”*. In line with harmonisation and the division of labour, Irish Aid will pursue four specific outputs to achieve this objective, namely:

- > *Irish Aid is engaged in policy dialogue that enriches national strategies for growth and poverty reduction and is advancing its policy priorities*
- > *Increased national ownership of the development process and improved domestic accountability and governance*
- > *Enhanced public sector planning, monitoring and financial management capacity for the implementation of Mkukuta both at the central and local level*
- > *Improved harmonisation and effectiveness of aid.*

Irish Aid will highlight and promote developments that support poverty reduction through its participation in the steering, coordination and technical working groups of the budget support system. It will also identify key entry points and form strategic alliances with likeminded partners for the mainstreaming of the CSP principles.

Through budget support Irish Aid will seek to strengthen national ownership of the development agenda and process. In line with the governance component of this CSP, Irish Aid will seek to strengthen accountability by providing strategic support to civil society organisations and advocating for a strong role for Parliament and the media.

The Government of Tanzania has made significant progress in linking the *Mkukuta* explicitly with budget allocations through the Medium Term Expenditure Framework. Within this, Irish Aid will place strong emphasis on planning, budgeting and development at local level and on integrating the local government budget formulation process with the *Mkukuta*.

Notwithstanding the improved Government performance in the areas of governance, and public financial management, it is proposed to put in place a flexible mechanism which will allow Irish Aid to respond predictably and proportionately should concerns arise around Government performance. Other donors include such flexibility arrangements in their programmes. It is prudent that Irish Aid should have similar contingency arrangements. To that end, it is proposed to introduce a “graduated response” whereby general budget support will be disbursed in a single annual transfer comprising a fixed (85%) and a variable component (15%). In principle, the fixed component will be disbursed in full on the basis of a satisfactory overall outcome to the annual review of budget support. Release of the variable component will depend on satisfactory performance in pre-determined indicators/actions. This approach combines the need for flexibility of response with the need for predictability in the delivery of aid.

The Budget Support review and management process allows for policy dialogue that cuts across the entire programme. As the entire Irish Aid team engages in the annual Budget Support review and its underlying processes (including annual sector reviews), Irish Aid will draw on multidisciplinary skills and experience of its staff of *Mkukuta* implementation to create opportunities to promote Irish Aid priorities.

¹² Joint evaluations of general budget support 1994 – 2004: (for Tanzania) Daima Associates Ltd & ODI, 2005; (for 7 other countries) International Development Department, University of Birmingham.

Conclusion

Overall, the programme structure (summarised in table 1 below) incorporating general budget support with cluster support, creates a mutually re-enforcing arrangement to progress priorities and objectives in national policy dialogue, while facilitating an integrated and holistic programme.



Melisiana Saeni, clinical officer talks a to patient

Table 1 Proposed Programme by Cluster

	Mkukuta			Budget Support
	Cluster 1	Cluster 2	Cluster 3	
Programme area	Rural livelihoods and growth	Social development	Good governance	
Ireland's support to Government	Growing support for the Agriculture Sector Development Programme basket	Increased support the Health sector basket and initiate support to the national HIV Fund	Continued support for Local Government Reform and associated Capital Grants system	Sector Budget/Baskets
Complemented by	Pastoralist civil society and new initiative on private sector rural economic growth	Strategic partnerships with international and national health, HIV and gender NGOs	Continued support for the Foundation for Civil Society, UNDP and a new initiative on media	Individual Grants
Position of influence on working group	Considering chairing group from mid-2008	Chair of the Health Sector Group (since July 2007)	Co-chair of the Local Government Reform Group (since 2004)	

5 Ways of working

To achieve the aims and objectives of the programme we will:

- > work in partnership with others
- > use a mix of aid modalities across the programme
- > ensure that programme results are communicated widely.

5.1 Our partners

Partnership will continue to be a cornerstone of CSP delivery. The Government of Tanzania is Irish Aid's main partner and will receive the largest proportion of the assistance provided under the programme. All bilateral support is closely monitored and based on transparent partnerships where respect for human rights, the rule of law and good governance is central.

Within each cluster, Irish Aid will identify and work with a small number of reputable civil society organisations and will give priority to those that work to build the capacity of and strengthen smaller, emerging civil society organisations. Irish Aid will advocate for civil society organisations' participation in Government/donor working groups as appropriate. It will maintain close links in areas of common interest with Irish NGOs and Missionary groups that receive funding from Irish Aid HQ.

In order to promote coherence and harmonisation, Irish Aid will work in Tanzania with a core group of multilateral partners (such as the Global Fund and strategic UN partners like UNDP and UNFPA) and in this regard will seek to build alliances with other like minded donors. Also, funding will be provided to the One UN pilot programme in Tanzania in line with Ireland's support for system-wide coherence within the UN. In addition, the Embassy will report twice yearly on perceptions and experience of UN activity at country level, including the operation of One UN.

5.2 Mix of aid modalities

Irish Aid will maintain a mix of complementary modalities: general budget support, sectoral budget/basket support and funding for civil society. It will look at options for cooperation with multilateral organisations represented in Tanzania. It is proposed that General Budget Support as a proportion of the total programme will remain steady. It is possible that over the lifetime of the Country Strategy some sector funding may fold into this modality.¹³ In that case, direct budget support as a proportion of the country programme, could increase to between 50% and 60%. The evolution on modalities and the likely drift to budget support is an issue which Irish Aid will keep under close review. Support to civil society and UN agencies will increase from 12% in 2006 (€3 million) to at least 15% of the programme budget by the end of the CSP.¹⁴

5.3 Visibility and communication

"To ensure continuing strong public support, it is essential that the public are aware of the achievements of their aid programme." White Paper, page 107.

Irish Aid is committed to improving its performance in communicating the results of development cooperation effectively. Areas on which it will focus include press releases, fact sheets, information sheets (short pieces explaining concepts like budget support and the JAST), user-friendly case studies and presentations on topical development issues. The Embassy has made some progress in this area and over the life of the CSP will work to ensure that the public has better access to information in the achievements of Ireland's aid programme in Tanzania.

¹³ This has already happened in respect of Education where most donors (European Commission is the exception) no longer channel funds to a sector basket but route support instead through budget support.

¹⁴ It should be noted that every year Irish Aid HQ channels substantial funding to Tanzania over and above the country programme. This funding embraces emergency and recovery and direct support to NGOs. Further funds reach Tanzania via the Fellowships Programme, support for major Irish NGOs under the Multi-Annual Programme Scheme, the Missionary Development Fund as well as through the various UN bodies that receive Irish Aid funding.

6 Quality Assurance Framework

“The high quality of Irish Aid is very well recognised internationally - it is important that in the context of a growing aid budget, a commitment to delivering high quality development assistance is maintained.”

White Paper on Irish Aid, page 101.

The quality of the programme in Tanzania will be assured through a robust approach to risk management, a realistic monitoring approach, by mainstreaming audit across the programme and through on-going learning and formal evaluation.

6.1 Risk

Providing support to Tanzania is not without risk. In order to deliver on the CSP Irish Aid will identify and take into account both internal and external factors which threaten the effectiveness and efficiency of our support. Risk will be continuously monitored. Also, in cooperation with other donors, practical mitigation measures will be identified and when necessary joint response strategies will be used.

The risk register, which is updated quarterly, will chart the evolution of risks in the political, social and economic environment, providing information on the overall context for the aid programme at country level.

If mitigation measures prove inadequate for managing an existing or new risk, Irish Aid, in cooperation with other donors will respond through the following process:

- > A joint analysis of the new or evolved risk will be carried out through the Development Partner Group (DPG).¹⁵ All donors will be made aware of the situation and consensus will be sought on how to resolve the matter
- > A small team will be nominated by the DPG to lead discussions with Government and seek to agree corrective action. The team, which will include Heads of Mission, will seek to resolve the issue through dialogue at the highest political level
- > Should the matter not be resolved, donors will collectively explore options around modifying the modalities they use for providing ODA. In the extreme cases, donors will consider a reduction in disbursement in the following year.¹⁶

Over the period of the CSP, the major risks to the success of the programme are perceived to be:

- A. Corruption, fraud, lack of transparency in the Government system
- B. Poor capacity in Government to implement programme, exacerbated by poor motivation and low public service pay
- C. Impact of higher oil prices, power rationing and water shortages on business and the economy
- D. Donors damage civil society organisations through over funding.

¹⁵ The DPG is the principal mechanism for inter-donor coordination and cooperation. All major donors (other than China) present in Tanzania are represented either at Head of Cooperation or (in the case of the multilaterals) Head of Agency level. The DPG meets monthly, has its own website (www.tzdp.org) and has proved to be a reasonably effective mechanism to exchange information and formulate common positions among donors. Administrative support is provided by UNDP.

¹⁶ Joint action by donors is likely to be more effective than individual donors acting alone. However, the proposal for joint action does not prevent Irish Aid, or indeed any donor, from taking unilateral action if all else fails.

6.2 Monitoring

A monitoring framework has been developed for this CSP and draws primarily on established national processes. The twin foci of the monitoring framework are poverty outcomes generally and the impact of Irish Aid's programme specifically. Accordingly, it addresses progress both on a national scale and in the key strategic areas of Irish Aid involvement. Active participation within the Poverty Monitoring Group¹⁷ enables Irish Aid to improve data from routine administrative systems in sector ministries and ensure that priority issues are captured.

The monitoring framework for the CSP is based on the following instruments:

- > **National Monitoring Processes.** Tanzania has made considerable progress in developing its monitoring and evaluation systems and practices, including strengthening its planning, budgeting and statistical systems. As part of Irish Aid's commitment to harmonisation and effectiveness of aid and to the strengthening of national process, it will adopt the *Mkukuta* Monitoring Master Plan as the framework to monitor and evaluate progress towards achieving poverty reduction outcomes. At a macro level, it will actively engage in national monitoring, evaluation and research processes.¹⁸
- > **Joint Monitoring with other Donors.** Donors in Tanzania have committed to meeting the global targets of the Paris Declaration on Aid Effectiveness through the JAST process. The joint Government-Donor JAST Working Group will put in place a Monitoring Framework to enable joint monitoring on an annual basis and mutual compliance against the principles outlined in the JAST, including progress on harmonisation and aid effectiveness.
- > **Specific Indicators for the Programme.** Irish Aid-specific indicators have been developed, based on the overarching principles (enhance pro-poor local development; promote aid effectiveness, mainstream Irish Aid's cross-cutting issues). These will be used to measure Irish Aid "value added" in the development process and to track how its priority issues are advanced over the period of the CSP.

- > **Reality Checks.** Irish Aid has been and will continue to engage in more upstream policy dialogue at the national level in Tanzania. At the same time it will take steps to ensure that it is familiar with what is happening on the ground and that this is fed into high level policy dialogue. A reality check approach is therefore proposed. Evidence-based research and analysis; regular visits by staff to districts (in conjunction with other donors and/or government officials) and the grassroots experience of our civil society partners (including Irish NGOs) will be used to inform our policy engagement. Field visits will capture how national processes are impacting on the ground and will make recommendations on how to progress priorities.¹⁹

In using the *Mkukuta* Monitoring Master Plan, Irish Aid will concentrate on the key programme areas in which it is involved: health, agriculture and governance. Key indicators will be selected from the *Mkukuta* Monitoring Framework in respect of each of these programme areas and these will be used to assess how effectively poverty is being addressed.

6.3 Research and learning

In conjunction with other likeminded donors Irish Aid will draw on and in certain cases fund evidence based research that can inform policy dialogue at all levels. The priority here will be to document lessons learnt and our responses to those lessons in implementing the programme and in mainstreaming the cross-cutting issues. This will be elaborated on more fully through the LEARN programme at Trinity College. This project is a collaboration between Trinity College Dublin and Irish Aid. It aims to support Irish Aid to better institutionalise learning practices within knowledge processes and systems. It operates at two levels - with Irish Aid HQ and in selected country programmes including Tanzania.

¹⁷ The purpose of the Poverty Monitoring Group is to coordinate positions of donors on monitoring the implementation of the *Mkukuta*.

¹⁸ These include: *Mkukuta* annual report and monitoring framework, Performance Assessment Framework, Poverty and Human Development Report, public expenditure reviews, Public Expenditure and Financial Accountability Review, annual sector and budget support reviews, the Independent Monitoring Group process and household monitoring surveys.

¹⁹ Comprises funding for small projects scheme for CSOs, a specific project in Zanzibar in 2007, mainstreaming of cross-cutting issues, consultancy and research as well as funding to One UN.

6.4 Audit

“Rigorous audit and evaluation will inform our work to ensure that resources are used to optimal effect to achieve value for money...” White Paper, page 9.

Audit is crucial in ensuring that Irish taxpayers' monies are spent efficiently and effectively. As the programme expands a strong focus on audit will be central to maximising the effectiveness of Irish assistance and the programmes of our partners in poverty reduction. Audit, as part of Irish Aid's commitment to good governance, will therefore be prioritised across the programme. Ireland is the only donor in Dar es Salaam with a full-time internal auditor.²⁰

A guiding principle for engagement in audit will be to ensure that practical steps are taken to address identified problems and that audit recommendations are implemented. Where the capacity of an organisation is weak, we will endeavour to provide advice and support for remedial action.

Irish Aid will emphasise the importance of audit at the national level, where it will track the findings of the Auditor General's report in Parliament. With regard to bilateral funding it will rely primarily on the audits conducted under the auspices of the Tanzanian National Audit Office²¹. Irish Aid will play an active role in examining the reports relating to each the major areas which it supports and participating on the relevant audit sub-committees where it will spearhead the drive for follow-up by Government to audit findings and recommendations. National Audit Office and partner audits will be supplemented, where necessary, by audits commissioned and conducted by Irish Aid and by other donors. In relation to support for projects and civil society, Irish Aid will undertake an assessment of all new partner organisations to assess the adequacy of their financial and other systems prior to providing funding and will follow-up on audit issues identified.

6.5 Evaluation

Irish Aid will learn continuously from the on-going implementation of the CSP and will seek, through evaluations, to document formally its experiences in delivering on the CSP. Evaluations will, whenever possible, be carried out jointly with partners. Irish Aid will evaluate its contribution to the joint programme by assessing how it has advanced its priority issues and will contribute, with other donors, to the evaluation of the *'joint programme of support to Tanzania'*.²²

An independent mid term review (end 2008) and cluster level evaluations (end 2010) will enable Irish Aid and the Irish public to assess our performance in meeting the objectives of the CSP and efforts will be made in this regard to harmonise with other donors' evaluation programmes.

20 As part of the Embassy's monitoring function of budget support, the economist and internal auditor were part of the multi donor team that conducted the recently concluded 2006 Public Expenditure Financial Accountability Review study. The Embassy's auditor also undertook a short-term assignment to Irish Aid HQ where he played an important role in developing a system for follow up on audits across Irish Aid.

21 Or on the audits undertaken by independent, international accounting firms as is currently the case in the health sector.

22 Currently the DAC Task Force on Evaluation is preparing an issues note setting out next steps for increasing harmonisation and alignment of evaluation practice and exploring options for agreeing harmonisation targets.

7 Management

“Development cooperation is not static; to be effective, it must adapt and develop to respond to the changing world. Irish Aid too must adapt... to keep up with changing best practice and to make the most of the opportunities presented by expanding budgets.” White Paper on Irish Aid, page 114.

The use of a cluster approach, mirroring the structure of Tanzania’s *Mkukuta*, will support a broad, coherent and ultimately effective Irish Aid programme.

The responsibility for the implementation of the programme rests with the Ambassador supported by the development management team, which includes the Head of Development, Development Specialists, Second Secretary, Advisors and support staff.

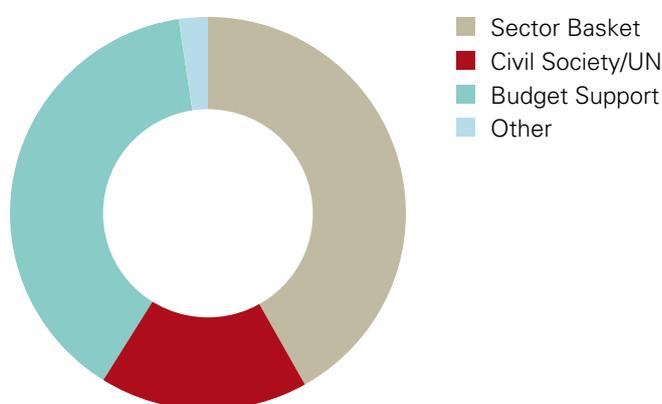
The Head of Finance oversees all expenditure. The Internal Auditor is responsible for management and oversight of the audit of Irish Aid funds disbursed through the programme. Financial and management systems will be subject to ongoing review.

In Tanzania, Irish Aid has started and will continue to forge closer links with like-minded donors, pooling resources and expertise where this will strengthen the effectiveness of its programme. Options include joint missions within Tanzania, sometimes involving both HQ and field personnel from Irish Aid and other donors.

8 Budget

Programme Area	Cluster breakdown	2007 €	2008 €	2009 €	2010 €	CSP Total	% of Total
Rural Livelihoods and Growth	Agriculture Basket	2.4	4.0	5.5	5.8	17.7	10%
	Civil Society incl Private Sector	0.4	0.6	0.8	0.9	2.7	2%
	Emergency Prevention/response	0.5	0.5	0.6	0.6	2.2	1%
	Cluster total	3.3	5.1	6.9	7.3	22.6	13%
Social Development	Health Basket	7.0	8.1	9.0	9.4	33.5	20%
	Health Civil Society	0.6	1.1	1.5	1.5	4.7	3%
	HIV and AIDS	1.5	1.6	1.7	1.8	6.6	4%
	Gender-based Violence	0.1	0.2	0.2	0.2	0.7	0.4%
	Cluster total	9.2	11.0	12.4	12.9	45.5	27%
Good Governance	Local Govt. Reform	4.8	5.3	5.8	6.0	21.9	13%
	Civil Society	1.1	1.6	2.0	2.4	7.1	4%
	Deepening Democracy	0.5	0.5	0.5	0.5	2.0	1%
	Cluster total	6.4	7.4	8.3	8.9	31.0	18%
Budget Support		11.7	15.8	18.6	19.5	66.3	39%
Other²³		1.7	0.8	0.9	1.0	3.4	2%
TOTAL		32.3	40.1	47.1	49.6	169.1	100%

Programme Budget by aid modality 2007-2010



23 Comprises funding for small projects scheme for CSOs, a specific project in Zanzibar in 2007, mainstreaming of cross-cutting issues, consultancy and research as well as funding to One UN.

Abbreviations

ASDP	Agricultural Sector Development Programme
CSOs	Civil Society Organizations
CSP	Country Strategy Paper
DPG	Development Partners Group
GBS	General Budget Support
JAST	Joint Assistance Strategy for Tanzania
MDGs	Millennium Development Goals
Mkukuta	Kiswahili for National Strategy for Growth and Reduction of Poverty
PAEG	Programme Appraisal and Evaluation Group
PEFAR	Public Expenditure and Financial Accountability Review
REPOA	Research on Poverty Alleviation

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Notes



Irish Aid
Department of Foreign Affairs
Bishops Square, Redmond Hill, Dublin 2

Irish Aid
Department of Foreign Affairs
106 O'Connell Street, Limerick

Embassy of Ireland
353 Toure Drive, Masaki, Dar-es-Salaam
Postal Address:
PO Box 9612, Dar-es-Salaam