

The Impact of Changing Aid Modality on Local Development Policy
Implementation in Primary Education in Tanzania

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A thesis submitted to the Victoria University of Wellington in
fulfilment of the requirements for the degree of Masters in
Development Studies

Victoria University of Wellington

2011

Abstract

Changing aid modality has affected various stakeholders in development policy-making and implementation especially at the national level where donors, the government and other institutions engage. There are many processes, engagements and, subsequently, aid-influenced policies. The way these international and national processes translate into local policy implementation is unclear and has for many years led to plans that cannot be implemented.

This study was conducted in Tanzania and involved stakeholders at the national level and in two districts: Arusha and Kongwa. The field work involved interviews with 33 individuals working on aid, policy-making, advocacy and service delivery in primary education. A qualitative approach of inquiry was employed using mainly key informant interviews and observation. Documentary evidence supplemented information gaps in the process.

Key findings of this study are grouped into two major categories: actors and processes. The changing aid modality from project support to budget support has affected actors differently. The new aid modality has empowered the central government in leadership of development policy-making processes. However other important actors such as civil society organisations and the local government have been weakened in the process. Following the Paris Declaration principles, promoting government leadership has been successful but country ownership, in a broader sense, has not. Strong central government leadership has resulted into government ownership instead of wider country ownership. The central government does not necessarily take on board policy inputs from other actors which have resulted in feelings of tokenism especially on the side of civil society organisations. The local government has become dependent on central government in terms of financial and institutional resources. The idea of local governance autonomy has not been realised because of the strong presence of central government in frameworks, procedures and personnel. There is virtually no space opened up for civil society dialogue at district level where policy-implementation happens.

Processes and subsequent outcomes were also affected by the changing aid modality. There are still many processes going on at the same time often with the same people. New procedures have led to fatigue and decreased quality of dialogue which the new aid

modality was established to correct. The outcomes of these processes have been increased government ownership, and improved systems and procedures to deliver aid and to implement policies. However unintended effects have been poor implementation of policies, for example underfunding of primary education capitation grants due to a lack of coherence amongst different government agencies. At the community or school committee level the rigid centralised financial guidelines have left little or no room for creativity. Community voluntary participation is quickly fading away.

Changing aid modality has had effects on local policy-making and implementation. The central government, donors and to some extent civil society are effectively involved. However, it is the central government that has captured policy-making process and implementation.

Acknowledgement

I am thankful for all the people that have made this work successful. It is not possible to mention everyone who made a significant contribution towards completion of this work; however I will mention a few. I specifically want to extend my sincere gratitude to my supervisor Prof John Overton for tirelessly giving his constructive and expert support. I appreciate his invaluable contribution towards this milestone.

I deeply express my appreciation to my family, first Emmy my wife and children Abigail, Wendo and Faith for being part of me even when things were very difficult. I also thank my father Isaya and mother Foibe for continued parental support even at this age!

Words cannot express my gratitude to all people who gave their time for interviews and logistical arrangement in Arusha, Dar es Salaam, Dodoma and Kongwa. Particularly I want to thank Lister Nyang'anyi who facilitated study permits in Dodoma, Michael Mlonga for hosting me in Arusha and Joseph Makau for logistical arrangements in Kongwa.

My deepest gratitude should go to NZAID for funding my studies and making life easier in Wellington. I sincerely thank University Hall staff for providing a homely environment in a busy institution.

I also want to recognise friendly environment provided by people we shared an office; Simon Bidwell, Matias Mastrangelo, Eugenia Marino, Mary Redmayne, Ruifei Tang, Joseph McCarter, Peter Jackson and Chris Moore for a wonderful team spirit which provided an environment for success.

I appreciate the leadership and community of Arise Church in Wellington for being part of a great family of God providing spiritual and moral support for me and my family.

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List of Acronyms

BCs	Beneficiary Communities
CSOs	Civil Society Organisations
CWG	Cluster Working Group
DAC	Development Assistance Committee
DCF	Development Cooperation Forum
DDs	District Departments
DPG	Development Partners Group
DPs	Development Partners
ECF	Extended Credit Facility
ERP	Economic Recovery Programs
GBS	General Budget Support
HIPC	Heavily Indebted Poor Countries
IFIs	International Finance Institutions
INGOs	International Non Governmental Organisations
JAST	Joint Assistance Strategy in Tanzania
JCG	Joint Coordinating Group
KII	Key Informant Interview
LGA	Local Government Authority
LGDG	Local Government Development Grant
LGRP	Local Government Reform Program
MCC	Millennium Challenge Corporation
MDA	Ministry, Departments, Agencies
MDGs	Millennium Development Goals
MKUKUTA	Mkakati wa Kukuza Uchumi na Kupunguza Umasikini Tanzania
MOEVT	Ministry of Education and Vocational Training

MoFEA	Ministry of Finance and Economic Planning
MTEF	Medium Term Expenditure Framework
NGO	Non Governmental Organisation
NNGOs	National Non Governmental Organisations
NPES	National Poverty Eradication Strategy
NSGRP	National Strategy for Growth and Reduction of Poverty
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
PAF	Performance Assessment Framework
PEDP	Primary Education Development Plan
PER	Public Expenditure Review
PETS	Public Expenditure Tracking Study
PMORALG	Prime Minister's Office Regional Administration and Local Government
PRBS	Poverty Reduction Budget Support
PRGF	Poverty Reduction and Growth Facility
PRGT	Poverty Reduction and Growth Trust
PRSPs	Poverty Reduction Papers
SAPs	Structural Adjustment Policies
SBS	Sector Budget Support
SWAps	Sector Wide Approaches
TAS	Tanzania Assistance Strategy
TCDD	Tanzania Coalition on Debt and Development
TEN/MET	Tanzania Education Network/Mtandao wa Elimu Tanzania
TWG	Technical Working Group
URT	United Republic of Tanzania
WDC	Ward Development Committee

Chapter One Introduction

1.1 Introduction and Background

Recently, as global development agencies have sought to maximise aid effectiveness and reduce costs involved in aid delivery, aid modality has changed from primarily supporting projects to a mix of budget support and sector wide approaches (SWAPs). These changes have called for greater engagement of particularly the government, as well as donors and, later, civil society organisations (CSOs) and the private sector. However, the institutional impact of this new aid modality on the district level actors such as local government and district civil society organisations has been less evident.

Major global changes in aid modality occurred from the late 1990s and early 2000s. These changes occurred as the result of demands from donors for accountability and increased effectiveness of aid and the need for recipient governments to own development initiatives. Projects were, and still are, regarded as the most manageable form of aid by donors. However, recipient governments tended not to prefer projects because most projects bypassed governments' finance systems or resulted in duplication of donor-funded activities in one area or sector. Also, projects took more government and donor staff time. These challenges led to calls for effective aid delivery using recipient governments' budget framework, and, hence budget support. But before budget support became operational, donors wanted to monitor resources and outcomes using other funding modalities in which they could earmark funding in the short term. These included basket funding and sector wide approaches which enable more than one donor agency to pool resources for a particular sector such as education in response to the government's national development strategy. Recipient governments were expected to deliver services from the main budget which included aid plus their own local resources. The changed aid modality involved policy negotiations and discussions at the national level between donors, government agencies, and non state actors which was to include civil society organisations and the private sector.

This new aid modality went hand-in-hand with other major global initiatives in development, namely the establishment of the Millennium Development Goals (MDGs) in 2000. These global initiatives focused on managing development and poverty reduction with emphasis

on pro-poor sectors such as education. Donors and invited recipients started to convene international agreements. The first largest meeting to improve management and effectiveness of aid was the Monterrey Consensus on Financing for Development in 2002. The High Level Meeting in Rome (2003) involved multilateral banks and bilateral agencies, and donor and recipient countries representatives. The Rome commitments were to minimise transaction costs and improve aid effectiveness. However, the turning point on aid effectiveness was reached at the Paris Declaration in 2005. In Paris, the global agreements stipulated country ownership, harmonisation, alignment, managing for results, and mutual accountability. In this high level meeting, both development partners and developing nations' representatives agreed on indicators that were to be used to measure progress. The Paris Declaration built a strong foundation for countries to achieve the United Nations Millennium Development Goals. The Paris Declaration structured the aid industry into a system with instruments that would be used in unison by donors and recipients. Henceforth, aid was structured and managed globally.

Significantly, development policy-making and implementation in the new aid modality shifted emphasis to the state level. The national government was again entrusted to lead the local development agenda. Aid adopted a global structure which reinstated the power of the state and its leadership in recipient countries. The state was trusted to deliver aid resources to its impoverished citizens.

Non state actors, however, were mentioned very little in Rome and Paris. The global aid structure allowed little or no space for civil society and the private sector. However, in the follow up meeting that produced the Accra Agenda for Action in 2008, civil society and the private sector were given greater prominence. The meaning of partnership was broadened in Accra to include civil society and the private sector in both donor and recipient countries. The role of civil society was to ensure that transparent policies were adopted by the government to effectively deliver aid and safeguard human rights.

Increasingly, the new aid modalities have built capacity of the state at the expense of the local or district level. The imbalance from tilting the power to the central government has in a way disempowered the local government despite the rhetoric of decentralisation. Aid dialogue is strong between donors, recipient states, and, to some extent, civil society at the

national level. The inclusion of civil society organisations and the private sector has actually opened up policy engagement space for alternative voices. These voices are not necessarily the people's voices, but alternatives that challenge the state and the development partners.

Tanzania is still aid dependent and receives general budget support from 14 different bilateral and multilateral donors. However, the majority of foreign assistance from nearly 30 donors goes through projects run by ministries, departments, and agencies. These projects deliver a significant amount of aid that goes through non-governmental organisations and local governments. The major institutional impact of aid, however, is made through budget support and through the agency of the Treasury. Local government, therefore, is not directly involved in the aid dialogue.

1.2 Problem Statement

In policy-making in the aid and development environment, great emphasis has been given to national level consultations and ownership. Examination of the major agreements such as the Millennium Development Goals, the Paris Declaration and the Accra Agenda for Action, shows that national governments and national level stakeholders – such as civil society and the private sector – are ideally given mandate to collectively own development policies under government leadership. Policy-making and implementation space has opened up engagements between state and non state actors. However, international agreements between donors and recipients have assumed fair participation of development actors in policy-making and implementation at the national level. There is a general assumption that the global aid structure works well at the national level. These national level policy engagements are supposed to be emulated at the district level. Local government agencies, district civil society organisations, and the private sector are expected to actively participate in policy discussions and implementation activities.

What is not clear though is the extent to which aid-influenced decision-making processes at both national and district levels include all development actors as described by the Paris Declaration. There is scanty evidence whether the new aid modality has, in fact, facilitated inclusive policy-engagement space at the national level. Further to this, limited research has been undertaken to uncover district level policy discussions. The extent to which district

authorities, communities, and non state actors have responded to this changing aid modality is the focus of this study.

1.3 Purpose of the Study

The purpose of this research is to establish the influence, agency, and consequences of foreign aid on local development sectors, focussing on primary education. Firstly, this involves the way foreign assistance influences, directly or indirectly, decision-making and implementation at country and district levels. Secondly, this study aims to find how key players in national and local government policy-making respond to guidelines in changing aid modality. This includes examining the principles of the Paris Declaration in practice at the local level. Thirdly, this study explores consequences that result from the influence of foreign aid on policy-making and implementation processes. The changing aid modality from projects to budget support and sector wide approaches has started different processes between various actors, both local and international. These processes and subsequent outcomes are the subject of this research.

1.4 Research questions

This study addresses the main research question *“To what extent has changing aid modality influenced local decision-making at national and district levels in primary education?”*

Furthermore, the research aims to answer the following three questions

1. How do aid instruments influence decisions in the implementation of district development priorities?
2. To what extent do district-level decision-making processes in priority sectors include local development plans and priorities?
3. What is the response of different district-level development stakeholders in planning and implementing aid-assisted development priorities?

1.5 Objectives

The study had three key objectives.

- To determine the extent to which changed aid modality has shaped district-level priorities and implementation
- To establish the role of actors in the decision-making processes and implementation of initiatives
- To explore the responses of different players at the district council to development priorities.

1.6 Significance of the Study

The influence of foreign aid in local development initiatives is significant. The mandate to plan and execute development determines the expected progress and ownership. This study is crucial given the role entrusted to local authorities in formulating and implementing development initiatives. Furthermore, the extent to which aid effectiveness principles work in practice at local level needs to be better understood. Also, what is debated, planned, and implemented at the district-level sometimes includes local innovations and ignores global and national aid policies, but this is rarely documented in mainstream development discourse.

1.7 Scope of the Study

The new aid modality seems to be giving recipients more ownership, leadership, and responsibility. Yet, little is said of the impact of changing aid modality on local decision-making and implementation especially at the district and community level. Aid involves many sectors (health, infrastructure, agriculture etc) but it is not possible to look at all these sectors in detail. The scope of this study was confined to the primary education sector policy-making and implementation processes and actors involved. Further to this, this study focused on selected districts in Tanzania. This is used as an illustrative case study to gain an understanding of the broader elements of global-national-local relationships in aid.

1.8 Chapter Outline

This thesis has seven chapters. The first chapter introduces the subject of foreign assistance and local development policy-making and implementation. Also, this chapter presents the research objectives and questions.

Chapter two presents literature reviewed including a theoretical backdrop of foreign aid in development and policy-making. Key arguments and debates on foreign assistance are presented. The literature is further explored for institutional impacts of changing aid modality including global aid agenda at the local level and Tanzanian experience.

Chapter three is a presentation of a research context in Tanzania as it is linked to research findings. This chapter establishes the context of changing aid modality and its influence in institutions, processes, and outcomes with regards to global-national-district connections.

Chapter four describes the research methodology and its consequent methods. Chapters five and six present field research findings and discussion. This includes the analysis of interviews, and implications for the roles of various actors in education sector development policy-making processes and outcomes. Finally, chapter seven presents conclusions of the main findings of this thesis.

Chapter 2 Literature Review: The influence of Aid on local development strategies

2.1 Introduction

This literature review aims to uncover the extent to which changed aid modalities have influenced local development initiatives from community, district, and national level perspectives. First, this chapter covers the theoretical background of foreign aid. Second, major aid debates are explored with reference to their focus on poverty alleviation and the Millennium Development Goals. Third, aid modalities and the changing landscape of aid are assessed in the perspective of dominant development theories across time. Fourth, a conceptual framework is suggested for the capacity of the state as viewed from the perspective of other actors such as local government and civil society in the context of the new aid modality. Finally, this chapter concludes by identifying a possible research gap that exists in the way changing aid modality is influencing local relationships.

2.2 Theoretical Background

Foreign aid or development assistance is defined by the Development Assistance Committee (DAC) of the OECD as financial flows that qualify as Official Development Assistance (ODA). ODA is defined as “the sum of grants and loans to developing countries and territories which are: (a) undertaken by the official sector of the donor country; (b) with promotion of economic development and welfare in recipient countries as the main objective; (c) at concessional financial terms that (in the case of a loan) have a grant element of at least 25 per cent” (Tarp, 2006, p. 13). In addition to these financial flows, technical co-operation is included in ODA, while grants, loans, and credits for military purposes are excluded, regardless of their concessionality (Hjertholm & White, 2000, p. 16).

In the light of development theories, the theoretical background and justification of aid has been explored (Lessmann & Markwardt, 2009; McGillivray, Feeny, Hermes, & Lensink, 2006). In economic theory, foreign aid is based on “gap models”. Basically these models assert that the rate of economic growth is constrained by inadequate levels of savings and foreign exchange. Foreign aid is required to fill these gaps in order to achieve a target rate of growth. The well known Harrod-Domar growth model assumes an excess supply of labour in developing countries and that growth is constrained only by the availability and productivity

of capital. The availability of capital is determined by the level of savings, and to achieve growth the government must increase savings or increase the productivity of capital. However, these gap models do not say much about institutions, which are the focus of this thesis, and it is necessary now to turn to the role of aid in particular and trace ideas about its relationships to different types of institutions.

2.3 Aid Debates

Early debates on foreign aid focussed on the determinants behind, and amount allocated to, foreign aid. The question of whether the amount of aid delivered was enough or not has been an issue of discussion for years. More recently, the question of aid effectiveness has emerged, with questions arising as to whether aid is working or not and to what extent. The amount allocated, the motives behind, and effectiveness of aid are somehow interlinked in aid debates and practice. The motives of aid determine the amount delivered, which to some extent determines its effectiveness. However, the current debate seems to obscure the aid motive argument and instead focuses on the impact of aid.

Determinants of foreign aid have been explored extensively in the literature, and factors that determine aid have implications for its impact. For instance, there are those who contend that objectives of aid have been distorted by politics and trade gains (Tarp & Hjertholm, 2000). These objectives imply that sometimes donors pursue their own interests in giving aid (Berthélemy, 2004). On top of these reasons for giving aid there is a moral and ethical agenda (Riddell, 2007, p. 55). Also, the progression of foreign assistance has been fashioned by the ideological debate that contains it (Thérien, 2002). These have been identified as reasons for the failure of aid to deliver on its promises. However, authors have observed that even the discussion concerning failure or success has been dominated by politics and ideology rather than the real motive of assistance (Mavrotas, 2007). Literature on aid effectiveness cannot be judged easily due to the inconclusive debate but aid, where appropriate, still serves its purpose (Riddell, 2007, p. 56).

The motives and multiple objectives of giving aid point to a second part of the debate, which questions the impact of aid. The debate about whether aid works or not is a long-standing one. Early criticisms of aid effectiveness can be traced to the 1970s; for instance, the notion

that economic growth from foreign aid did not result in development for the people, and in some cases made them worse off (Griffin, 1970). Criticisms continued in the 1980s, that there was very little evidence that aid offered more opportunity to improve the recipients' balance of payments or that improving balance of payments made aid effective (Mosley, 1980).

Apart from post-development critics who disregard the whole official development agenda, early mainstream self-evaluation of the impact of aid came from a study commissioned by the World Bank and IMF (Cassen & Associates, 1986). While acknowledging critics of aid on both practical and theoretical grounds, this study concluded that most aid succeeds in achieving its own objectives, though at the same time aid does have its downsides (Cassen & Associates, 1986, p. 361). A comprehensive assessment was done by the World Bank again in its 1998 research report entitled *Assessing Aid: What Works, What Doesn't and Why*. In this report, successes and failures of aid were recorded, and conditions under which aid can work better were explained, such as in the need for good policy environments (World-Bank, 1998).

The trend of the debate points in two major directions. First, the earlier focus was on the motives and objectives of aid (Mavrotas, 2007) such as the securitisation of humanitarian aid, which sharpened the focus especially post 9/11 (Shannon, 2009). Second, the debate based on the impact of aid, negative or positive. The second direction has both critics and defenders.

Critics of aid from both developed and developing countries have argued that aid does not work, especially in the current form. Aid is said to be causing corruption. For instance, Dambisa Moyo's book *Dead Aid* claims that foreign aid is the cause of Africa's problems and calls for aid to be shut off in five years in favour of more trade (Moyo, 2009, p. 25). Another cause of aid failure is suggested as planning bureaucracy, and it is argued that changes need to be made to let beneficiaries search for their own answers. Overall, Easterly (2006) argues that aid in its current form does more harm than good.

On the other hand, aid has been defended and it is argued that it is bringing the desired effects. This is represented by research pointing to the kind of desired effects and conditions necessary for aid to work. Most such studies have focused on the aid-growth connection

and have not been conclusive (Lessmann & Markwardt, 2009). According to this view aid could be effective and achieve its objectives mainly through economic growth and poverty reduction. Conditions under which aid will achieve its objectives are varied, but mainly require recipient countries to have good fiscal, monetary and trade policies. Aid has little or no positive impact in absence of these policies (Burnside & Dollar, 2000, p. 866). Other studies show that although aid has a positive impact on economic growth there is no evidence of it ensuring good policies and aid effectiveness (Dalgaard & Hansen, 2001; Hansen & Tarp, 2000, 2001). Some studies show that aid influences the policy environment positively, but there is less evidence to support the argument that aid only works in good policy environments (Morrissey, 2001, p. 48). This raises the institutional impact of aid especially in the current set up of dialogue between many players.

The non-economic growth focus of aid effectiveness is shared mostly by development practitioners. This perspective argues that despite the shortcomings of aid, it is actually working, but in some contexts only (Calderisi, 2007; Riddell, 2007). There is plenty of evidence of official development aid contributing positively and substantially to different areas of lives of people such as improving skills, quality of services, physical infrastructure, production, incomes and well-being among others. However, some aid has clearly not worked well and some has had adverse effects. Overall aid has contributed positively but not made as a big difference as it was intended to (Riddell, 2007, p. 255). The aid effectiveness debate becomes reformatory at this stage. Calls are made, even by the critics of aid agenda, to reform approaches in order to realise greater benefits. For instance, the case is made for more manageable aid programmes that address vital issues and ultimately reduce to a world where no aid is involved as things get better (Moyo, 2009, p. 82). Easterly (2006) further claims that aid can make a difference if the industry abandons its bureaucratic planning culture and leaves room for recipients to search for answers for themselves. Major shifts in thinking and practice are suggested to ensure aid becomes effective (Joseph & Gillies, 2009; Riddell, 2007). Despite these calls for aid reform, there are few practical suggestions so far as to how aid should be reformed. Some of the key suggested changes involve removing different types of barriers including policy conditionality (Burnell, 2008; Killick, 2008), restoring national sovereignty (Jenkins, 2008), and getting rid of a rigid planning culture (Easterly, 2008). Also aid should gradually follow

some practical steps such as to reduce malaria and provide more clean water (Easterly, 2007, p. 331).

In the context of this study, institutions involved in aid delivery and development processes matter. Aid effectiveness depends on institutional quality (McGillivray, et al., 2006). Institutions here involve actors and processes in aid dialogue and delivery mechanisms. The quality engagement of institutions is important. There is evidence showing that aid cannot be effective as long as donors' motives, tools of analysis, and complexity of processes that link aid to development outcomes remain unclear (Bourguignon & Sundberg, 2007). This identifies the research gap and the focus of this study.

2.4 Dominant development theory and institutional impact

Foreign aid or development assistance is inseparable from development theories. Development theories have influenced principles and provision of aid across time, although in practice other motives apart from altruism play a major role. Dominant development theories have determined institutions mandated to make development or progress happen.

Aid started under the influence of modernisation theory (1960s-1970s). Aid in the modernisation era focused on state building. The state was the key institution to plan and implement development programmes. The earliest origin of foreign aid in this context is closely related to colonialism when colonial governments gave "subsidies" to their colonies (Bowen, 1998). These subsidies were not only meant to facilitate colonial administrators do their work properly, but also assisted them to construct basic infrastructure for movements of raw materials, minerals, and other resources to home countries. This helped to build colonial governments' institutional presence and function.

Modernisation theory was informed by Rostow's stages of economic growth, the "take-off" model (Rostow, 1956) among them. The take-off model encouraged importation of foreign capital in the form of loans and aid. Development strategies focussed on assisting developing nations with balance-of-payments, project aid, and technical assistance facilitated by multilateral and bilateral agencies. Institutionally, the state was given most power to plan and deliver development to its citizens. Modernisation was enhanced by Point Four of President Harry Truman's speech on January 20, 1949 (Bowen, 1998).

President Truman suggested that developed nations must use their technological power to assist countries and people in poverty. Aid started to focus on poverty and the improvement of poor people's welfare through technical cooperation between the donor country and the recipient nation. For instance, 35 countries signed the "Point Four Agreement of Technical Cooperation" in 1951. It was the first US Government response to the problem of poverty (McVety, 2008).

Development was demarcated by the ideological divide between Western capitalism and Eastern communism. In 1960s-1970s aid modality on the Western side was both programme and project aid. In practice, development focussed on building the state so that the state could manage economic growth and provide for its own citizens. Policy planning and implementation were centralised. At the same time, markets were assumed to function effectively. There is a general consensus that the motive was really to counter the supposed threat of communism in developing countries and promote American interests and influence (Berthélemy, 2004; Hjertholm & White, 2000; Kanbur, 2003). Also, as "point four" of President Truman's speech puts it: "their poverty is a handicap and a threat both to them and to more prosperous areas", which implies that dealing with poverty and inequality is important to address global and regional security issues (Escobar, 1995, p. 1).

Modernisation was opposed in practice by dependency theory. Dependency theory had roots in Marxism and Keynesian economics. Initially economists at the UN Economic Commission for Latin America (ECLA), led by Prebisch, came up with a theory of structuralism. Marxist perspectives were added by key contributors of dependency theory, especially André Gunder Frank. Dependency theory represented a critique of the development paths, policies, and strategies followed in Latin America and elsewhere in the periphery (Conway & Heynen, 2008), including Africa (Amin, 1976, 1992). Dependency theory stood against unequal commercial arrangements that were brought by the free market notion of Ricardian comparative advantage. Structural changes were proposed in development policy switching to more domestic production under tariff protection to replace industrial imports and reduce dependency. Also, capital goods, intermediate products, and energy production would be negotiated with transnational corporations – a development strategy known as Import Substitution Industrialization (ISI). ISI was widely practised in Latin America and the Third World in general (Conway and Heynen, 2008). The

strategy failed because it generated new forms of dependence on external capital including aid. Dependency theory shifted the focus towards self-reliance and development from within. Dependency theory was rarely translated into practice with the exception of ISI strategies. The focus of development assistance under ISI was on heavy industrial machinery. ISI built to some extent the capacity of the state through its regulatory power and infrastructure provision. Notably, however, dependency theory echoed modernisation theory in its objective to build the development capacity of the state and its institutions.

In today's era of neoliberalism dependency theory still echoes, at least in theory. For instance, the literature outlines some key examples in which dependency plays a major role; for example, aid dependency, technological dependency, dependency on foreign capital investment, trade dependency, and dependency on better human capital formation (Conway & Heynen, 2008, p. 95; Ghosh, 2001, p. 133).

In current practice, some authors argue, the dominant development ideology that guides strategies and interventions is neoliberalism (Craig & Porter, 2006, p. 63). However, this contemporary form of neoliberalism has borrowed development themes from other "populist" theories such as participation and environmental sustainability (from alternative development) and gender issues (from feminism), but the central tenets of neoliberalism in aid delivery and development remain unchanged, namely the focus on market rather than state-led approaches.

Aid in neoliberalism has taken on a complex role. Neoliberalism is simply the promotion of the free market economy globally, based on the belief that benefits will trickle down to every participant and bring about economic and social development. In this context neoliberalism can be traced to the early 1980s. Neoliberalism was a response to the poor performance of modernisation theory in practice. Even when economic growth was recorded much of the general population felt little benefit, in what has been labelled by some as "growth without development" (Binns, 2008, p. 85), and there was a realisation that the post-war development model had resulted in growth which did not translate into development or redistribution of the benefits of growth to the poor (Brock, Cornwell, & Gaventa, 2001).

The problem of poor performance of modernisation was made worse by the economic crises due to rising oil prices, tax revolts, and the debt servicing problems of developing nations in the 1970s. Also, changes in governments and policies in the US and the UK, where radical right wing governments came to power, accelerated the turn to neoliberalism. At this time the World Bank, IMF, and US Treasury joined forces to direct the world economy. The “Washington Consensus” as it became known (Williamson, 1990) introduced Structural Adjustment Policies (SAPs) as instruments to spearhead economic policy reforms. In development theory, neoliberalism reigned, led by the Washington-based international financial institutions (IFIs) with other donors following. The failure of the former development strategies was attributed to state involvement in the economy and especially to failed domestic policies in developing countries. The Washington-based institutions devised a development strategy focussing on “policy based lending” or using loans to encourage structural changes (Moss, 2007, p. 28). Institutionally, the supposedly inefficient state was supposed to give way to markets in the areas of economic and development leadership.

SAPs targeted a reduction in government intervention, cutting expenditure and regulation, while also promoting liberalisation and international trade. The state was pushed out to encourage economic growth and let the private sector handle the economy. Critics argue that SAPs were driven by northern self-interest and a determination to protect the international financial system (Simon, 2008, p. 87). Economic conditionality under SAPs was complemented in 1990 by political conditionality when the British and other donors imposed “good governance” as a prerequisite for recipient countries (Simon, 2008, p. 88). In order to get financial support, countries had to accept these conditions and pre-approved economic policies. The previous focus on poverty was “short-lived due to the doctrine of neoliberalism” (Storey, Bulloch, & Overton, 2005, p. 32). SAPs intended to relieve the state from business activities and reduce bureaucracy, letting the “free” market control economic activities and accrue benefits to the people including the poor. In other words, IFIs were using loans to encourage structural changes (Moss, 2007, p. 30).

Structural Adjustment Policies failed to deliver expectations. Recipient states became too weak to govern their own economies and many people fell into the poverty trap. Countries that adopted SAPs experienced problems. Studies show that women, children, and the poor

in particular suffered most when state support mechanisms were withdrawn (Radcliffe, 2004, p. 65). IFIs expected that structural adjustment would increase foreign direct investment, but unfortunately this did not occur as expected in most countries (Simon, 2008, p. 89).

The IFIs gradually made changes to SAPs in order to include measures that would address poverty reduction. IFIs introduced Poverty Reduction Strategy Papers (PRSPs) (1999) in order to return the state in its rightful place (Kelly, 2008). PRSPs were meant to transfer policy ownership to recipient nations, and especially to state institutions. The state was once again entrusted to lead the market to deliver benefits to its citizens.

The introduction of Poverty Reduction Strategy Papers was intended to replace SAPs and put poverty at centre stage again. PRSPs aimed to increase aid effectiveness, which is the overall focus of policy conditionality. PRSPs are prerequisites for the IMF's Poverty Reduction and Growth Facility (PRGF) and the World Bank's Poverty Reduction Support Credit (PRSC). PRGF is the IMF's low interest lending facility for low-income countries, while PRSCs are the World Bank's policy-based loans. PRSPs are supposed to be country owned development initiatives, prepared by governments with the active participation of civil society and other development partners (IMF, 2009). The Poverty Reduction and Growth Facility (PRGF) was recently replaced by the Extended Credit Facility (ECF) under a newly created arm of the IMF, the Poverty Reduction and Growth Trust (PRGT), which is carrying out the same activities but with more focussed and tailored conditionality (IMF, 2010). PRSPs are considered by the IMF and World Bank as the basis for concessional lending and debt relief under the joint Heavily Indebted Poor Countries (HIPC) Initiative since 1999. "The targets and policy conditions in a PRGF-supported program are drawn from the country's PRSP" (IMF, 2009). Several bilateral donors such as the UK, the Netherlands, Norway, and Sweden also use PRSPs as the basis for their aid. Many other donor agencies ear-mark their sector support in line with PRSP objectives and outcomes.

PRSPs are based on five principles. These argue that development aid should be:

1. Country-driven, involving broad-based participation
2. Comprehensive, in recognition that poverty is a multidimensional phenomenon
3. Results-oriented, with emphasis on concrete results for the poor

4. Partnership-oriented, leading to better donor co-ordination under government leadership
5. Based on a long-term perspective (IMF & World-Bank, 1999).

PRSPs were set to correct many institutional shortcomings; in particular, two main problems of donor-recipient relationships (Dijkstra, 2005). First, many studies had concluded that the practice of setting conditions for policies was not very effective, and that domestic political-economy factors determined the extent of the implementation of conditions (Dijkstra, 2002; Dollar & Svensson, 2000; Svensson, 2003). Second, many aid donors saw the need for more co-ordination of donor efforts (Dijkstra, 2005; Kanbur, 2003). This was due to each donor implementing their own project with their own reporting requirements and undermining domestic institutional capacity development.

PRSPs had problems of their own too. First, PRSPs were a prerequisite in order for a country to qualify for aid and debt relief (Dijkstra, 2005). This has been called “process conditionality” (Burnell, 2008, p. 505). This condition still applies to date as stipulated by the IMF PRGF fact sheet (IMF, 2010). This “policy and institutional conditionality” is differentiated from the formal provisions of funding and various agreements written in contracts (Killick, 2008, p. 511). In process conditionality, donors required recipients to address Poverty Reduction Strategy Papers (PRSPs) to which aid and debt relief were increasingly tied. It is argued that the term “country ownership” itself is a form of conditionality considering that a “country” is not a single agent but made up of many stakeholders (Buiter, 2007, p. 650). In theory and practice, SAPs were mirrored in PRSPs because fiscal and monetary policies, as well as institutional and economic reforms, were still required for the Completion Point of the HIPC Initiative (Dijkstra, 2002).

In theory, IFIs had removed policy conditionality but, in practice, conditions were actually reinforced. For instance, content analysis of PRSPs has indicated that the main elements of SAPs retained donor-driven policies (Riddell, 2007, p. 187). Further, the fact that IFIs’ intentions were to promote country-owned development policies but prescribing standard PRSPs, indicates that they intended to sustain policy dominance. Some developing countries had their own development strategies in place which were ignored in favour of PRSPs

(Storey, et al., 2005, p. 37). Advocates of PRSPs claim that country-owned, participatory-prepared strategies were either vague statements of political aspiration or of operational plans with narrow focus in contrast to PRPs' more comprehensive approach (Driscoll & Evans, 2005, p. 7). It is also claimed that these documents were "merely symbolic and had little impact on the actual budget and policies" (Ohno, 2002, p. 6) or, in some cases, preparation of these plans was not sufficiently participatory (Marshall, Woodroffe, & Kjell, 2001, p. 7). Early examination of PRSPs concluded that civil society groups were unsatisfied with the extent of public consultation and participation in preparation of PRSPs. Likewise, country and government ownership of PRSPs was weakened by the continued influence of the IMF and the World Bank. Most importantly, the policies included in PRSPs did not have clear poverty reducing objectives (Marshall, et al., 2001, p. 1).

All in all, PRSPs reinvigorated the poverty debate. The difference was that the "new" poverty agenda was now the main preoccupation of the major actors in development, the IFIs (Maxwell, 2001). Neoliberalism had rolled the power of the state back and at the same time incorporated poverty at centre stage in economic development.

In 2000 the United Nations General Assembly adopted the Millennium Development Goals (MDGs) at the Millennium Summit. The initial eight goals were set to be achieved by 2015. These goals had 18 targets and 48 associated indicators. About 190 countries signed the resolution, which others have labelled unprecedented given the fact that the goals themselves were not new (Rigg, 2008, p. 30). Eradicating poverty was the first goal, while the last goal was to "develop a global partnership for development", mainly comprising issues of development assistance.

The MDGs were therefore not new initiatives as these goals were heavily influenced by the OECD's International Development Targets (IDTs) (OECD, 1996). While the IDTs aimed to mainstream aid for poverty reduction, they were criticised by some as being unachievable (Hanmer & Naschold, 2000, p. 34). Despite these criticisms the UN MDGs reflected most of the OECD targets. The OECD, with its consortium of donors, has had great influence in aid effectiveness since the Monterrey Consensus on Financing for Development (2002), the declaration of the High-Level Forum on Harmonisation (Rome, 2003), the Paris Declaration on Aid Effectiveness (2005), and the Accra Agenda for Action (2008). Recipient countries

were involved in signing most of these declarations and commitments, including the MDGs, as partners in development and subsequently as “owners of development processes”.

The new efforts to address poverty came from major global development agencies such as OECD’s DAC and IFIs. These efforts included Poverty Reduction Papers and Sector Wide Approaches (Hanley, 2001). The MDGs and PRSPs constituted “a new construction on poverty reduction” in aid and international negotiation and consultation (Maxwell, 2003). The MDGs have received both criticism and support since their inception. The most recent criticisms are directed at the targets and underlying principles - for instance, the fact that the MDGs are misinterpreted as applying “one-size-fits-all” or “blanket” targets (Vandemoortele, 2009, p. 356). The choice of numerical targets to measure success or failure of the MDGs was therefore considered a problem (Easterly, 2009), along with the fact that expectations of aid and development success were set too high (Clemens, Kenny, & Moss, 2007, p. 746).

The current global aid structure is shaped by a new form of neoliberalism and perhaps it has now departed from neoliberalism in that it foresees a renewed role for the state. The focus on poverty reduction and the role of the state to lead and own development processes is said to have much in common with a development approach called neostructuralism, which is “designed to sustain the free market economy politically” (Murray & Overton, 2011, p. 13).

2.5 Aid Modalities and changing landscapes of Foreign Aid

2.5.1 Global Aid Structure: The Paris Declaration

The Millennium Development Goals are meant to be contextualized in national development strategies, namely PRSPs. The localised MDGs provide a platform to compare progress within a country and between countries. The build up to more concerted efforts on aid effectiveness is meant to address main problems on the side of both donors and recipients. Up until this time donors delivered aid mainly in form of projects that were fragmented and sometimes in duplication.

The Rome High Level Forum in February 2003 was a follow-up meeting to Monterrey Consensus to improve development effectiveness involving donors and recipient countries.

The Rome Declaration reiterated donors' concerns about high and unproductive transaction costs associated with processes for preparing, delivering, and monitoring development assistance and recipients' concerns that, donors practices do not always fit well with national development priorities and systems. The Declaration called for urgent and coordinated action to improve aid effectiveness by recommending that donors let recipients assume a stronger leadership role; that is, to coordinate development assistance through country-based approaches that emphasise country ownership and government leadership. Donors promised to assist partner countries capacity building to implement and monitor diverse aid modalities such as projects, sector approaches, and budget or balance-of-payments support including engagement with civil society and the private sector (OECD, 2003). When the Rome Declaration on Harmonization addressed these issues, most of the deliberations – such as PRSPs and the MDGs – were in processes already.

In the light of the principles of the Paris Declaration on Aid Effectiveness in 2005, new aid modalities were designed to operate with greater impact especially using broad national development strategies in the form of PRSPs. The Paris Declaration was organised by the OECD with bilaterals, multilaterals, recipient governments, and civil society agreeing to the Declaration's principles of aid effectiveness. The Declaration had five major principles to guide action: local ownership of development strategies; donors' alignment with national development strategies and systems;; donors' harmonization of development interventions;; managing for results; and mutual accountability amongst donors and recipients (OECD, 2005). Later the Accra Agenda for Action clarified the role of non-state actors, especially civil society actors (OECD, 2008).

The Paris Declaration on Aid Effectiveness added a more comprehensive practical approach towards aid effectiveness through five principles; recipient country ownership, donor alignment, donor harmonisation, mutual accountability, and managing for results (OECD, 2005). The five commitments between donors and partner countries mean to provide specific targets and measurable indicators of progress towards aid effectiveness and, ultimately, development.

First, the country ownership principle stipulates roles for both recipients and donors. Country ownership for recipients entails partner countries' commitment to three key issues:

(1) to exercise leadership in developing and implementing their national development strategies in broad consultation; (2) to translate these national development strategies into priorities, results-oriented operational programmes expressed through medium-term expenditure frameworks (MTEFs), and annual budgets; and (3) to take the lead in co-ordinating aid at all levels in conjunction with other development resources in dialogue with donors and encouraging the participation of civil society and the private sector. Donors committed themselves to one particular issue with regards to country ownership: to respect partner country leadership and help strengthen their capacity to exercise it.

The second commitment agreed to is alignment. Alignment has three key issues: (1) donors have to align with partners' strategies, institutions, and procedures to deliver aid and donors' conditions will be made based on partner countries national development strategies; (2) alignment implies that partner countries will strengthen their capacity development with support from donors on national development strategies, procurement systems, and financial management capacity; and (3) donors commit to untie aid to realise better value for money spent.

The third principle is harmonisation. This commitment ensures donors' actions are harmonised, transparent, and collectively effective. Donors are committed to implementing common arrangements with simple procedures, to working together with a clear division of labour, and to giving incentives where partners exhibit collaborative behaviour. Other issues in harmonising efforts were to deliver aid to fragile states and promoting concerted environmental assessments.

Fourthly, donors and partners agreed on managing for results. This aims to enhance managing resources and improving decision-making for results. Recipients will lead evaluation and reviews of development initiatives, donors will participate in these evaluation to ensure mutual ownership of results.

Finally, donors and partners committed to mutual accountability. Both donors and partners are mutually accountable for development results. Partner countries agreed to strengthen the parliamentary role in national development strategies and/or budgets, and reinforce participatory approaches to ensure a broad range of development partners is involved when formulating and assessing progress in implementation of national development strategies.

Donors commit to providing timely, transparent, and comprehensive information on aid flows to enable partner countries to present comprehensive budget reports to their legislatures and citizens. Partner countries and donors agree to use existing country-level processes to jointly assess mutual progress in executing approved commitments on aid effectiveness and partnership.

These principles were stressed in the Accra Agenda for Action by adding more weight to engaging with recipients' local non-state actors (OECD, 2008).

The global aid structure has rendered a great many processes and activities at country-level resulting in an increased number of activities required within donors and between donors and the recipient government and or civil society. Increasingly, aid delivery instruments had to be changed to reflect more local ownership and the use of local systems and procedures. The changes were designed to have a number of clear outcome – to combine efforts on debt relief, keep focus on poverty reduction, and put the recipient government in the “driving seat” (de-Haan & Everest-Phillips, 2010).

The term “aid modality” describes the way in which official development assistance (ODA) is administered and delivered (DCI, 2004). Aid modalities have increasingly changed from traditional projects to sector-wide approaches and budget support.

Projects are instruments that deliver aid to an agreed set of outputs in order to contribute to solving a particular problem in a specified time, in most cases in the short-term. Donors are usually strongly involved in identifying, negotiating, designing, and implementing projects. There is no official definition of project support although some institutions have tried to define it; for instance, the World Health Organization (Antunes, Carrin, & Evans, 2008) and the Swedish Agency for Development Evaluation (Bandstein, 2007). Project support is defined as funds provided to implement a specific and predefined set of development activities over a specified period of time. Project support characteristically uses separate management structures and detailed objectives, activities, and expenditures (Bandstein, 2007; Foster & Fozzard, 2000). There are two different types of projects: projects that use parallel systems (donor's and government's), and projects that use a government system exclusively (Bandstein, 2007; Foster & Leavy, 2001). It is argued by some that projects are donor-driven, and cannot be sustained after development partners

cease their funding (Antunes, et al., 2008). Despite strong calls to change towards budget support, many donors still use projects as instruments to deliver aid. Donors perceive that projects offer the opportunity of a narrow, concentrated focus, visibility for the donor, and clear attribution of specific activities and outcomes to the donor intervention (DCI, 2004). However, there are problems associated with that because, as projects focus more on capital investment, there are inadequate links to the policy environment which would have otherwise contributed to success and long-term impact. Other problems are that projects increase transaction costs for governments, and implement donors' priorities instead of the government's (Antunes, et al., 2008).

The drawbacks of projects led to adoption of Sector-Wide Approaches (SWAs). According to DCI (2004) there is still a legitimate role for projects for two reasons; first, as a way of managing government interventions, and, second, as a mode of intervention for donors where there is coherence with national programmes. Also, the project mode may be more relevant or less harmful in some sectors, such as infrastructure, and more relevant for pilot and experimental interventions and to support civil society (DCI, 2004). Projects are popular among line ministries especially when resources are channelled directly through them with minimal interference by core ministries such as the ministry of finance or planning (Antunes, et al., 2008).

Changing aid modality from late 1990s to 2000s has encouraged donors to deliver aid on the grounds of recipient governments' planning and budgeting cycle and, whenever possible, to use local disbursement systems. In this era, aid delivery modality increasingly changed towards Sector Wide Approaches (SWAs) and Budget Support in an effort to coordinate programmes and to sustain impact.

SWAs have been defined as an aid modality in which all significant funding for the sector supports a single sector policy, under government leadership, adopting common approaches across the sector, and relying on government procedures. According to Foster and Leavy (2001), the modality emerged as a response to three issues. First, donors found that conditionality in general did not work, and sector approaches became a way of providing support against government commitment and track record in providing services for poverty reduction. Second, the emergence of sector approaches was an attempt to

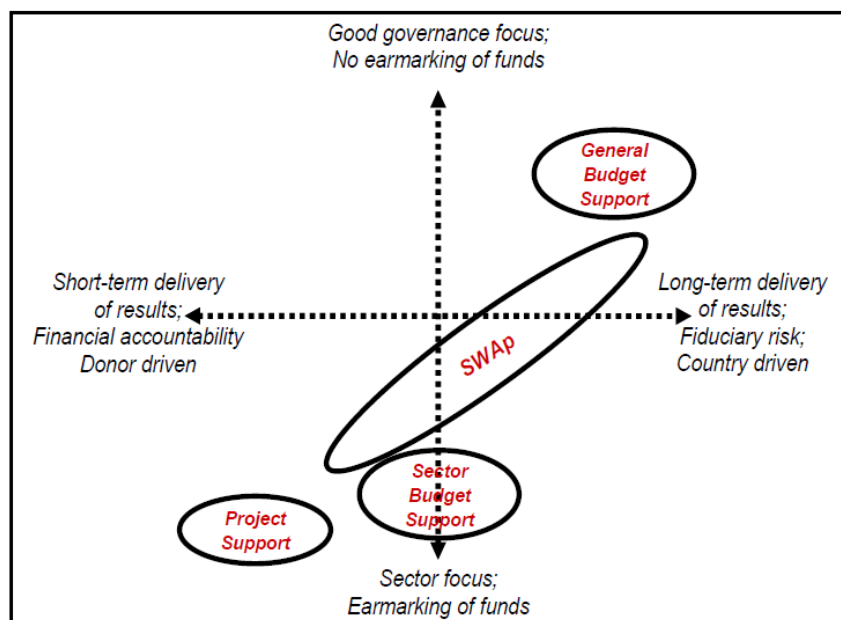
focus support on creating a sound policy environment. This was meant to influence changes in policies and institutions. Third, public expenditure frameworks and management provide a solution to fragmentation in budgeting processes, especially in the period when much spending was done outside the government's budget and reliance was on donor rather than government financial management. A SWAp is a broad process, and therefore pooled funds, sector budget support, and projects may all be legitimate ways of supporting a SWAp (DCI, 2004, p. 5).

Budget support follows many of the ideas of SWApS with a few exceptions. SWApS' basic principles in budget support are applied to cross-sectoral frameworks and typically in the context of fiscal reforms. Budget support is defined as aid where (i) funds are channelled through the national treasury; and (ii) the allocation and management of these funds respects national priorities and procedures. Budget support concentrates on outcomes rather than outputs and emphasises recipient country ownership of policies and programmes. There are two main types of budget support – General Budget Support (GBS) and Sector Budget Support (SBS) (Antunes, et al., 2008). General Budget Support channels resources into the government's budget while Sector Budget Support funds specific sectors such as education and the relevant ministry decides how the funds are used. Budget support is a renewed concept of forms of programmatic support such as balance-of-payments and sector loans that have been in operation for a long time (DCI, 2004, p. 6). Budget support focuses on broader agreements about government policies especially in agreed policy matrix (Antunes, et al., 2008; DCI, 2004).

The nature of GBS involves lack of earmarking of resources to specific sectors or even activities. The national government allocates money to sectors according to national development priorities and sector needs. In this way Poverty Reduction Papers (PRSPs) are the basis for most negotiations and policy engagements on GBS. It is expected that GBS results will mature in the long term especially on cross-cutting sector reforms to overall better governance. Funds in SBS are earmarked to ensure that the government spends the funds rather than retaining them in central banks as currency reserves or using them for debt repayments as is possible with GBS.

Budget support is associated with two key issues, predictability and conditionality. Predictability, in most cases is demanded of donors by recipient governments so that long term plans can be made with knowledge of resources available. Conversely, conditions have been imposed by donors on recipient government whereby funds are gradually released by donors in instalments subject to recipient government accomplishing a set of conditions. Conditions in most cases deal with accountability and transparency and or overall good governance especially in using funds. This is termed fiduciary conditionality (Antunes, et al., 2008) whereby disbursement of funds will be continued only if recipient countries show accountability in their public financial management.

Figure 2.1 Characteristics of the major instruments for development



Source: Antunes, et al. (2008, p. 4)

Figure 2.1 shows aid modalities and their focus, management, risks associated, and results expected. A SWAp in this framework involves new aid modalities especially budget support. Most SWAs are still at the Sector Budget Support level where a sector such as education is targeted and donors strongly earmark funds. SWAs at this level focus on both short-term and long-term delivery of results. Donors want to control both financial accountability and fiduciary risks. There is more engagement between donors and recipient government at this level; it is almost a split control. In practice this causes a lot of confusion in policy-making when there is a combination of projects involving SBS and GBS at the same time. In

some instances, donors are in full control hence donor-driven, while in other areas the domestic stakeholders under the government leadership are in full control, that is, country-driven or central government-driven.

2.5.2 Aid Modality and Institutional Impact

Over the years the ways in which donors give aid have evolved. Literature focussing specifically on aid modality is scarce. However, the aid modality debate has been addressed, especially with respect to how aid modality affects development effectiveness (Ohno & Niiya, 2004). Also, different types of aid modalities and instruments have been used over time (Foster & Leavy, 2001). The type of aid modality depended on the focus and purpose of aid in the particular period and context. The focus of aid has taken various directions such as fostering institutions, dominant ideology, and donor focus (Hjertholm & White, 2000), based on development priorities (Ohno & Niiya, 2004), and aid principles (Overton, 2009).

Aid modality in the 1940s, during the era of the Marshall Plan, was largely programme aid in the form of meeting balance-of-payments deficits. Later, in the 1950s during the era of community development, the dominant aid modality was food and project aid. In the 1960s the focus of aid was on infrastructure, hence the prime aid modality involved projects and budget support. When the focus of development shifted to basic needs in the 1970s, aid modality shifted to programme aid for import support. Aid modalities under SAPs (in the 1980s) involved programme aid and balance-of-payments support in the form of structural adjustment and sectoral adjustment loans. Later, since the 1990s, the dominant aid modality has been sector support. This is still the dominant aid modality in the form of programme aid which includes budget support (general and sector), pooling funds under Sector Wide Approaches (SWAs), and pooled Technical Assistance (TA) (Foster & Leavy, 2001; Hjertholm & White, 2000; Ohno & Niiya, 2004; Overton, 2009).

The ever-changing nature of the dominant aid modality has accompanied changes in the emphasis of particular institutions in the development landscape. No single modality aid has been followed in a particular period, but rather a combination of modalities. Aid modalities reflect the dominant development theory of a particular period in history and its policy influence. While, there is little in the literature about the form of aid modality in relation to

its impact on recipient government and civil society capacity for development, the literature does, however, hint at the relationship between aid modality and the roles and strategy of development. Table 2.1 is an attempt to link dominant aid modalities and their impact on domestic institutions in the recipient country.

Table 2.1 Aid Modality and institutional impact

Period	Theory	Dominant Aid Modality	Institutional impact on developing country
Pre-& 1950s	Modernization	Programme aid	Colonial administration
1960s	Modernization	Project, programme aid	Strong central government capacity
1970s	Dependency	Project /Programme aid	Strong local councils, communities, and Civil Society
1980s	Neoliberalism	Programme aid	Weak central government and local government. The rise of civil society
1990s	Neoliberalism/Poverty Agenda	Project aid	Local councils, communities, and Civil Society capacity strengthened
2000s	New Poverty Agenda/Neoliberalism	General Budget Support and SWAs	Strong central government

Source: Author, 2010

2.6 Conceptual framework: Aid, the State, Local Government and Civil Society

Conceptually, the state is accountable for the development of its citizens. In the situation where the state is not able to fulfil this role, then a vacuum is created and filled by other institutions, foreign or local. Ideally the relationship between donor and recipient is based

on an equal partnership (Burnell, 2008). In this sense no one partner has power over the other and accountability is based on mutual respect and trust. In practice, however, the donor has greater power to shape aid and conditionality. Aid in the current modality has put the state at the centre of development activities, including governance and policy-making. One of the core principles of the Paris Declaration is country ownership, which entails government leadership in formulating and implementing consultatively national development strategies. Consultation with civil society and the private sector was enhanced by the Accra Agenda for Action. Ideally, central government is supposed to lead policy discussions and implementation. Civil society and the private sector are expected to participate in policy dialogue when central government engages with donors. Local government, on the other hand, is expected to formulate local policies and implement national policies at the district scale. Space for policy dialogue is expected to open up at both the national and district levels. However, the literature reveals that in practice various and often contradicting agendas, issues of governance and policy conditionality, erode national sovereignty giving donors more power (Jenkins, 2008, p. 517). Changing aid modalities have brought various players together or moved them apart. The influence of this differentiated process can be located by research on whether diverse players have gained differently in terms of bargaining power and their relationship to the end users – in this case communities. The literature points out that the Paris Declaration on Aid Effectiveness has two major problems. First, donors have placed great emphasis on the mechanics of aid delivery rather than on progress and the impact of aid. Second, key development stakeholders, such as local governments and civil society, have not been sufficiently involved in the policy discussions. This has meant that processes subsequent to the Paris Declaration have failed to deliver aid effectively. The impact of aid processes on the relationship between national and local governments in the context of the principles of the Paris Declaration has received only limited research analysis (UCLG, 2009).

Changing aid modalities have had different institutional impacts. Project support focuses on short-term delivery of results with strong emphasis on financial accountability. Most projects were or are implemented at the district level or government agency level. This has made them donor-driven. Although many projects are efficient in terms of local or district level institutional strengthening, they may be detrimental at the national level. Programmes

tend to strengthen the budgetary capacity of the recipient government. This gives some control of resources and the economy of the recipient government. Programmes are good for the recipient governments but are not good for the aid donors in terms of limited means to enforce accountability.

Despite good outcomes, both anticipated and realised, in changing aid modalities, the gap between theory and practice is still obvious. Early evidence from donor research on sector and budget support indicates a strengthening of central governments in planning and implementation of sector policies and programmes but, at the same time, marginalisation of the responsibility of local government. It is argued that there is a lack of involvement of local government representatives and other non-state actors in helping to inform and shape the design and planning of development policies and programs such as PRSPs (European-Commission, 2008; UCLG, 2009). This is just one preliminary negative impact of the new aid modality. A number of evaluations found that traditional SWAps have increased the centralisation of service delivery and disempowered local governments (UNDP, 2007). On the other hand, local government officials were found to be agents of central governments (Craig & Porter, 2003).

2.7 Conclusion

This review has revealed a gap in the literature on the impact of changing aid modalities on institutional capacity, especially at the level of local government and civil society. Also, research and debate about aid and the new aid modality tend to point to national level actors as engaging well in policy formulation and implementation, an assertion which needs to be subjected to further research. There has been limited research done to explore the quality of engagement in policy-making processes and inclusion of key actors at the local level. The local performance of the Paris Declaration principles has not been studied. Literature does not explain the extent to which changing aid modality has impacted local decision-making and policy implementation. Furthermore, there is limited evidence on the degree district level priorities including community initiatives and priorities fit in the new aid modality policy-making and implementation. In addition, the reaction of district-based stakeholders in the new aid modality is scanty in the literature. These issues provide the core questions for this thesis.

Chapter 3 The Context of Aid and Local Polity

3.1 Introduction

This chapter outlines the research context of aid and local polity involvement in Tanzania. The chapter presents the historical background to aid and policy-making. Aid and policy processes, outcomes, and key major players are described. The current circumstances of aid and policy-making at district-level are also presented. Finally, the research gap, focusing on the national and district level is briefly explored.

3.2 Aid and Policy-making in Tanzania

Soon after independence in 1961, Tanzania declared war against three closely related evils: poverty, ignorance, and disease. The newly-elected independent government inherited a weak and dependent economy with “no university, less than two hundred university graduates, twelve secondary schools and extremely low levels of enrolments in primary schools” (Pratt, 1976, p. 93). It would have been difficult for the government at this point to have institutional capacity to formulate policies independent of the previous colonial government. Evidence shows that the post-independence nationalist government started with a weak institutional and organisational capacity to define, defend, and develop comprehensive long-term development policies, plans, and strategies for the new nation (Rugumamu, 1997, pp. 106-107). Most of the government functionaries were inherited from the former colonial government which had little or no commitment to formulating national development strategies or policies.

The new independent government inherited a Three-Year Development Plan (1961-1964) prepared by the then departing colonial government. It is suggested that this was one of the major ways for Britain to ensure that colonial preferences were continued (Crouch, 1987). This plan and subsequent five-year development plans that followed were blueprints for developing countries emerging from colonial rule as advised by the World Bank. Three World Bank missions to Tanzania are identified as playing a critical role in informing the country’s early plans. The first mission that arrived just before independence in 1960 advised on general economic development with emphasis on agriculture and foreign investment. The second mission, known as the Arthur D. Little team, advised on industrial

development in 1961, and the third was the Ross mission in 1965 which advised on implementation procedure of the First Five-Year Development Plan (Rugumamu, 1997, pp. 111-112). Clearly, foreign aid has had a long history of influence in policy-making and implementation. The huge influence of the World Bank in these early years shows that, right from the beginning, the recipient government had little to contribute in development policy-making and implementation processes.

It was not until later that extensive programmes related to poverty eradication were initiated, including programmes to expand education, health services, and water supply as well as improvement of physical infrastructure and development of agriculture and the economy as a whole (URT, 1998). Up to this point, Tanzania had no clear national development policy apart from the first guiding five-year national development plans of 1964-69. Five-year plans were expected to be funded by foreign aid and foreign and local private investments to bring growth and development. When the expected foreign assistance did not materialise, the Arusha Declaration was planned as the response (Wangwe, 1997). In 1967, the Arusha Declaration established a development ideology as the first development policy. The Arusha Declaration fostered Socialism and Self-Reliance Policy. The major objective of this policy was to build an egalitarian, self-reliant, socialist economy. This type of socialism, spearheaded by the first president Mwalimu Julius Nyerere and known as "*Ujamaa*" or "family-hood", was inspired by traditions of African solidarity and Christianity rather than Marxism (Calderisi, 2007, p. 115). Among other things, the Arusha Declaration placed heavy emphasis on agriculture and use of available labour (TANU, 1967). The Declaration and subsequent government policies tried to reduce dependence on foreign aid and instead foster self-reliance in Tanzania society. Self-reliance put heavy emphasis on building the capacity of human resources through education and state capacity.

Self-reliance, as used in the Declaration slogan, meant mainly control of the economy, absence of classes, willingness to exist without foreign aid, and decentralisation which implied each village used local techniques and materials and minimised dependence on central government (Coulson, 1982, p. 299). Efforts to achieve economic independence were summarised by the then ruling party statement:

How can we depend on foreign governments and companies for a major part of our development without giving those governments and companies a great part of our freedom to act as we please? The truth is that we cannot. (TANU, 1967, p. 14)

The government's early plans after independence drew upon the assumption that substantial foreign assistance would be forthcoming, particularly from Britain, and later weaned. This did not happen because Tanzania's relations with its then major donors – Britain, USA, and West Germany – deteriorated in the 1960s over political issues such as Britain's endorsing the Unilateral Declaration of Independence of white-ruled Rhodesia (formerly Zimbabwe), the USA's role in civil war in Congo, and West Germany opposition to the East Germany embassy in Zanzibar (Pratt, 1976, pp. 139-152). However many donors got involved in Tanzania after independence and through the early 1980s to a point where literature calls Tanzania a kind of laboratory or testing ground for various forms of state involvement (Calderisi, 2007, p. 104; Coulson, 1982, p. 316).

Aid and development policies during the era of the Arusha Declaration rested on two central pillars of the declaration: socialism and self-reliance. The Arusha Declaration was an attempt by the Tanzanian leadership to “redefine a distinct national development trajectory after the disillusionment of the first five years of independence” (Rugumamu, 1997, p. 122). The Arusha Declaration defined the context of international cooperation, aiming to limit and control external and internal exploitation, control the state bureaucracy, emphasise self-reliance and basic needs through the new education system, and finally, spearhead cooperation with other African and developing countries. This was almost the first attempt to pin down a national development policy with some conditions for receiving or rejecting foreign assistance. In practice this policy had little success. Surprisingly, the socialist policies of Tanzania attracted huge quantities of foreign assistance from both capitalist and socialist countries. Some argue that donors of different ideological perspectives were attracted by Nyerere and his ‘Leadership Code’ ” (Rugumamu, 1997, p. 140). The role of the President is said to have played an important part to the point of being equalled to “an economic asset” (Jackson & Rosberg, 1982, p. 229). Some called it “Tanzaphilia” or more elaborately “uncritical intellectual fascination with the novel development experiments in Tanzania” (Mazrui, 1969, p. 255).

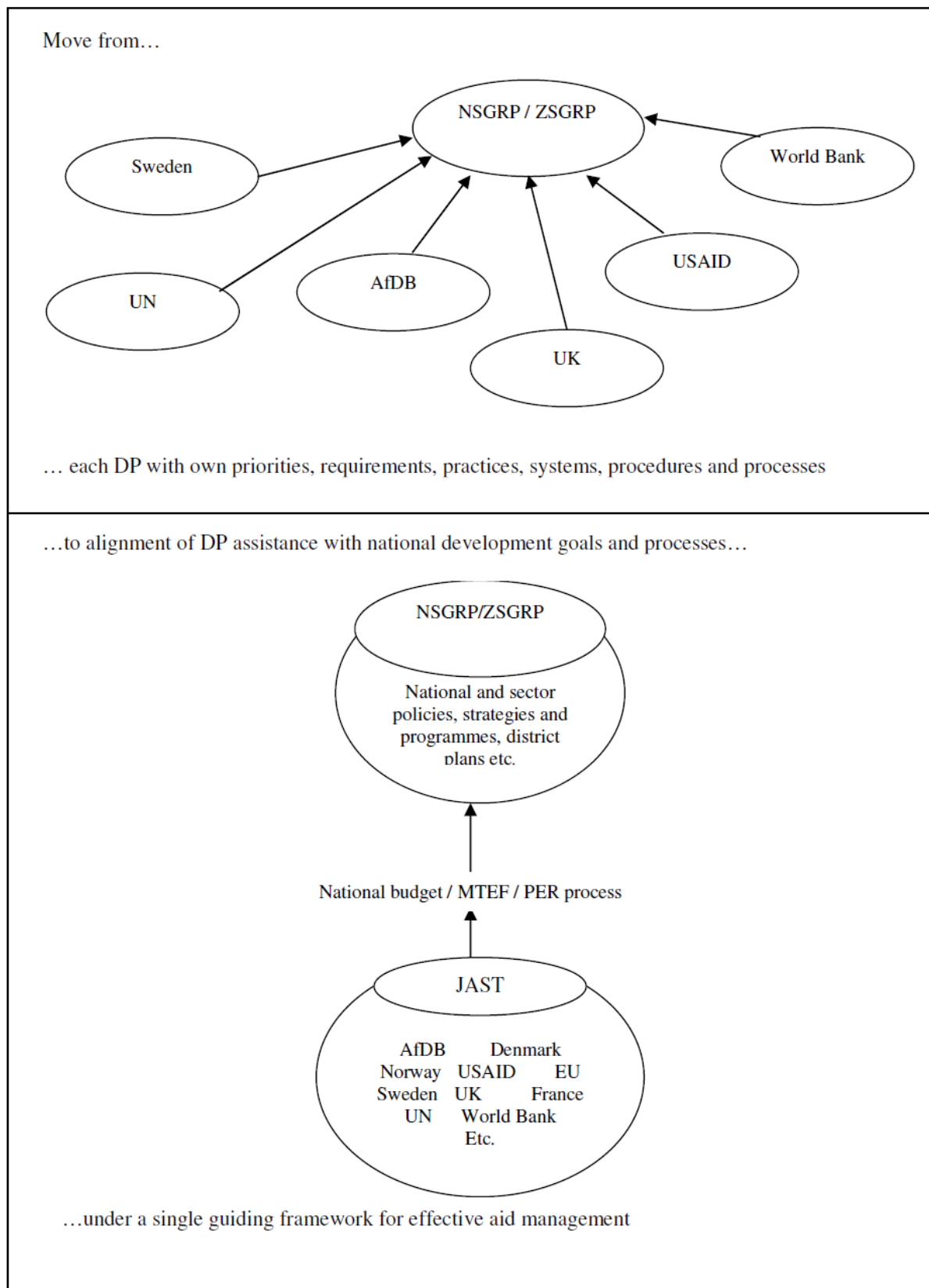
However, relationships between Tanzania and its aid donors were not smooth. It is known that in the early 1980s relationships between Tanzania and the International Financial Institutions (IFIs) were under strain. The IFIs started to question Tanzania's basic economic policy framework, pointing out that domestic policies – mainly Socialism and Self-Reliance – and economic mismanagement were the main causes of economic crisis. This delayed a Structural Adjustment Policy (SAP) agreement until 1986. In the era of Structural Adjustment Policies Tanzania, like many developing countries, was passing through a difficult period, hence only a few donors were assisting. Tanzania resisted International Monetary Fund IMF and World Bank influence in economic reform proposals until 1986 when finally economic reform was agreed (Barkan, 2009, p. 83). The SAP's implementation however dragged on for ten years and nearly overlapped with Poverty Reduction Papers PRSPs (Joseph & Gillies, 2009). Nyerere was said to be opposed to the IMF Economic Recovery Programs (ERP) until his retirement in 1985, before the first phase ERP was implemented in 1986-1989. The reforms did not succeed because the government retained scepticism and resistance to the reforms up to the 1990s (Bigsten & Danielson, 2001). The reason could be that Tanzania was still getting huge amounts of almost unaccounted-for aid from the Nordic countries. Aid modality during this time was mainly balance-of-payments and projects. However, by 1985 the Nordic countries urged Tanzania to accept and adopt the IMF economic policy reforms (Wangwe, 1998). When Tanzania accepted the IFIs proposed SAPs reforms in 1986, aid flows resumed but under policy reform conditionality. It is asserted that the relationship had changed from one in which Tanzania owned its policies in the 1970s to one in which the policy agenda was donor-driven, especially by the IFIs with full support of other donors (Wangwe, 2002).

Under a new government, headed by President Mwinyi, the relationship between Tanzania and its aid donors became sour again in the mid-1990s. A World Bank report identified scandals involving corruption related to non-collection of customs duties linked to senior Ministry of Finance Officials in the late 1994. Norway, a long term donor which once Nyerere called "Tanzania's all-weather friends", reacted by stopping balance-of-payments support (Selbervik, 2006a, p. 1). At the same time, evaluation of other Nordic countries' aid programmes and projects in Tanzania showed that the level of aid effectiveness had fallen below expectations (Wangwe, 1998). In order to mend relationships, the Danish Embassy,

in consultation with the government of Tanzania, sought experts' advice by forming a taskforce which identified major problems. In the experts' report, donors perceived budget mismanagement, inefficient administration, and corruption: on the other side, the government of Tanzania criticised donors for making onerous and unrealistic demands and interfering excessively in policy reform process with little effort to fulfil promises made (Helleiner, Killick, Lipumba, Ndullu, & Svendsen, 1995). This report made one strong point – ownership of projects, programmes, and policies had been eroded considerably (Wangwe, 2002). The Helleiner report proposed 21 recommendations. Three points were crucial: First the parties were urged to encourage country ownership and government leadership of development policy including having a development vision. Secondly, donors needed to be coordinated and channel their resources through government systems by pooling resources. Thirdly, engagement of non-state actors in policy discussions, especially civil society, was called for (Helleiner, et al., 1995).

The Helleiner report triggered a meeting between the government and donors which resulted in the adoption of the recommendations into “Agreed Notes” of the 18 actions to improve their relationships (URT, 2006). The new government under President Mkapa was committed to implement these agreed reforms. The government of Tanzania, with the assistance of the World Bank, started a revenue collection agency semi-independent from the Ministry of Finance to curb tax evasion and corruption. Other major outcomes in implementing the recommendations of the Helleiner Report were the formulation of Tanzania Vision 2025 and the National Poverty Eradication Strategy (NPES) (URT, 1998). Although these plans were downplayed in the later development of policy-making processes by aid donors, both the vision and the strategy are still mentioned in the later development strategy documents. Another major outcome of the Helleiner Report was the establishment of Tanzania Assistance Strategy (TAS) in 2002 which served as the medium-term framework for development cooperation with aims to strengthen coordination, harmonisation, alignment, and national ownership. TAS later became the Joint Assistance Strategy (JAST) in 2006 to include more stakeholders and working frameworks based on the Paris Declaration of Aid Effectiveness (URT, 2006). Under JAST arrangements budget support has replaced project support as the preferred aid modality (Figure 3.1), although the majority of aid provided in Tanzania is still in form of project aid and basket funding.

Figure 3.1 Government preferred aid modality



Source: United Republic of Tanzania (2006)

Almost all aid delivered now is under the Sector Wide Approaches arrangement whereby donors try to use local systems and government institutions.

Tanzania was one of the first few countries enlisted on the Highly Indebted Poor Countries (HIPC) initiative of the IFIs. In late 1999 Tanzania was required to prepare the first Poverty Reduction Strategy (PRS). Poverty Reduction Strategy Papers were pre-requisites for poor countries to access soft loans and debt relief. Although both the National Poverty Eradication Strategy (NPES) and Vision 2025 were downplayed by the IFIs in the beginning, these documents had significant input into the first Tanzanian PRSP. The PRSP was supposed to be country-owned in terms of involving a broad range of local stakeholders. However, the first Tanzanian PRSP was quickly produced and did not have the desired level of consultation and participation of stakeholders (Hakikazi, 2002, p. 1). The main shortcomings of the first PRSP consultations are well recorded by one study (Gould & Ojanen, 2003). These consultations mainly involved a small group of donors and government technocrats in a consensual partnership. However, the informed and professional input from the main civil society advocacy coalition, Tanzania Coalition on Debt and Development (TCDD), was sidelined because the network brought up issues that were not agreed to by the donor-state consensus. Also consultations of upcountry rural constituencies were ignored. Another criticism is that this PRSP was not country-owned because it was done in haste to meet IFIs HIPC debt relief conditionality and had more donor influence than local actor influence (Wohlgemuth, 2006, p. 6). However, the most important contribution this process had was an opened space for policy dialogue, especially between donors and state officials, sometimes including civil society.

The first generation PRSP goals and outcomes localised or linked targets to the Millennium Development Goals (MDGs) and targets. The first five years of implementation of PRSPs, especially in the education sector, recorded preliminary success. Aid was officially institutionalised from global to national and local level, assuming that these entities are uniform. PRS was crucial in Tanzania resulting in strong links between ministry plans and priorities, budgets, and Poverty Reduction Strategy broad goals.

In 2005 the second-generation Poverty Reduction Strategy was launched under the name of National Strategy for Growth and Reduction of Poverty (NSGRP). NSGRP was developed with

a broad consultation with national stakeholders and donors. NSGRP was said to be outcome-based and comprehensive covering a five-year period, 2005-2010, with three major clusters of outcomes of poverty reduction: (1) growth and reduction of income poverty, (2) improved quality of life and social well being, and (3) good governance and accountability (URT, 2005a). The new PRSP (fourth-generation) has just been approved covering the five-year period 2010-2015.

The second-generation PRSP was not very successful despite its comprehensive planning, wide consultation, and promoting pro-poor growth. The failure of NSRP or MKUKUTA (in Kiswahili) was attributed to formulation process. Concerns were raised about limited political input and weak budget linkage. One study found that NSGRP and the incumbent political party manifesto were pointing in the same direction, but with some fundamental differences – for instance giving broad outcomes and issues different weights (Selbervik, 2006b, pp. 19-20). Similarities and differences of the national strategy and the political manifesto imply that the National Executive Council of the ruling party, CCM, had consulted NSGRP in the process of preparing the manifesto but participants in MKUKUTA preparation had little political party guidance (Rweyemamu, 2009, p. 12). This supports arguments that it is typical in Tanzanian policy-making there is little or no explicit political inputs into the major documents and strategies (Therkildsen, 2009). The second reason attributed to the failure of NSGRP is its weak linkage to the budget especially Medium Term Expenditure Frameworks (MTEFs) (Rweyemamu, 2009, p. 17).

The significant contribution of the budget support was to open up policy engagement space. Also, donors increasingly use the government exchequer system to deliver aid. However, policy implementation is still contested, there is a lot going on in policy-making but quite few linkages to daily implementation of development initiatives.

Ideally changing aid modality was expected to involve the central government with non state actors such as civil society and the private sector, and donors. At the district level, the local government authorities and district civil society were expected to be involved. However the historical public policy planning that has been practiced in Tanzania does not seem to be happening at district level. This has led to poor implementation of development initiatives and a sense of dissatisfaction, declining participation and sometimes resistance

from communities. There are underreported examples of protest and resistance against local level extortion and corruption (Cooksey & Kikula, 2005). Further research shows that the current aid environment can both be empowering and marginalizing the poor (Brehony & Kinsella, 2009).

3.3 Conclusion

This chapter has presented the background to the relationship between aid and policy-making in Tanzania since independence. In the early years after independence the country was aid dependent with weak policy planning and implementation institutions. In the 1970s local policy making capacity was strong even when aid dependency was high. The ideology of Socialism and Self-Reliance were strongly influential in leading development plans. However, from the mid-1980s to mid-1990s the government lost leadership on development planning and policy-making and implementation became donor-driven. Relationships between donors and the government of Tanzania deteriorated from trust to strife. In the late 1990s, efforts were made to improve the aid environment. The 2000s saw the era of policy engagement involving multiple stakeholders, having a tangible national development strategy, and a development vision.

The global aid structure as implemented at national policy-making at national level rarely considered institutional impact for state and non state actors. There are institutions that have been strengthened or weakened. This is even prevalent at district level where linkage with national level actors is not well explained by aid structure. This raises the research question where is the local in all these institutional engagements?

Chapter 4 Methodology

4.1 Introduction

The main aim of this chapter is to present and justify the methodology and epistemology used in this study to answer research questions. First, the chapter introduces the research epistemology. A constructivist and participatory approach which acknowledges a variety of worldviews was used. Participants' perceptions and experiences are respected, recognised, and captured via in-depth interviews and documentary analysis. Next, the research design is presented. The research design describes methods used; this includes both primary and secondary data sources and the process by which interviewees were recruited. Methods of data collection, and the organisation and analysis of information are also described. The chapter concludes by describing ethical consideration and researcher positionality.

4.2 Research Epistemology: Constructivist and Participatory Worldviews

This study design employed a qualitative research approach. The qualitative approach in theory is based on phenomenology. Firstly, the approach is constructivist, meaning the "researcher seeks to establish the meaning of a phenomenon from the views of participants" (Creswell, 2009, p. 16). Second, the approach is participatory; individuals' stories, experiences, and perceptions about a process or an issue are recorded when the researcher engages the participants in open-ended interviews, and by researcher observations among other methods. According to Creswell (2009, p. 18), "individuals are interviewed at some length to determine how they have personally experienced" an issue. This approach is quite different from a positivist worldview which allows for a single, objective, reality that can be observed and or measured. In the constructivist participatory worldview, the world is a function of personal interactions and perceptions which are subject to interpretation (Dowling, 2005, p. 25).

This study employed qualitative methods of data collection. Qualitative research is fundamentally interpretive (Creswell, 2009, p. 16). Open interpretation usually involves both the researcher and participants in the study. Therefore researcher observations were included in data collection.

A qualitative approach was selected as the most suitable method for this study because of the ability of participatory approaches to capture people's perceptions about actors, processes, and outcomes.

This study was based on a case study of two districts. A case study is "not a methodological choice but a choice of what is to be studied" (Patton, 2002, p. 447). In this instance the fact that district decision-making processes and policy implementation are mostly homogenous determined the choice of the two districts out of 133 districts in the Tanzania mainland.

The choice of rural and urban districts was made to capture any spatial and or resource allocation differences on the subject of development policy implementation. Decentralisation by devolution gave more autonomy to local governments in political, fiscal, and administrative control over resources. Noticeably, differences might exist in terms of access to resources between urban and rural district settings. Also, community participation and individuals' perceptions of policy interventions might differ between urban and rural contexts.

4.3 Research Design

Research questions and objectives determined the research design. The qualitative paradigm was considered as most effective to establish whether changing aid modality has had any impact to local decision-making processes, policy-making and responses. To do this, it was important to recognise the roles of different actors. Because this study was designed to capture perceptions and experiences it was crucial to use a qualitative research design whereby in-depth interviews with people directly involved in policy-making and implementation both at national and district level were conducted. Relevant documents including published or unpublished reports provided important supplementary information for answering the research questions.

4.3.1 Qualitative methods

Qualitative methods, especially semi-structured interviews with key informants, are particularly suited for the type of information that is being sought. This study involved

questioning the ways in which changing aid modality has had any impact on local development prioritisation and implementation. Questions raised issues of the role of actors and subsequent processes in decision-making and implementation. The extent that the district council has autonomy was explored in addition to its relationship with the line ministries and how national priorities are localised or local plans are linked to national priorities, especially where foreign aid in budget support is involved.

4.3.2 Semi-structured and key informant interviews

Qualitative research design provides the basis for key informant interviews. This study design used semi-structured dialogue and key informant individual interviews. Contentious and important issues about changing aid modality and local actors' relationships were discussed. Interviews targeted issues related to the role of the research participants and their personal and organization experiences. A list of interviewees was identified during study design. Changes to relevant interviewees were made as information gaps unfolded. Interviews with each participant took one to two hours in a secure location. In some instance, follow-up interviews were done to address information gaps and for further clarification of issues. An interview guide was used for questions. Questions relevant to the particular participant were asked. Not all questions were asked to every participant. Follow-up questions not in interview guide were asked especially when extra information was sought. Follow-up questions were also asked when research participants were willing to give in-depth information. The dialogue among participants and between participants and the interviewer revolved around research questions and questions in the interview guide. Qualitative research design provides the basis for key informant and group interviews. Contentious and important issues about changing aid modality and local actors' relationships were discussed. Interviews targeted issues related to the role of the research participants and their personal and organization experiences.

4.3.3 Documentary review

This research design used documentary review as a complimentary method of data collection and analysis. Documents of relevance from particular offices were identified and

used. These included published reports and other “grey literature” in the form of internal reports. District annual plans and reports were also used and National development policy documents contributed to this process. Likewise, reports from development partners and civil society were included.

4.3.4 Primary and Secondary Data Sources

This study used both primary and secondary data sources. First, the study areas were identified and selected. Second, primary data sources consisting of individual interviewees were identified and selected for data collection. Finally, secondary data in forms of reports was collected.

The study area

The research locations were purposefully selected based on convenience of reaching the areas without delay, cost effectiveness, and the researcher’s familiarity with them. The study in question could have been undertaken in any district in Tanzania because of the uniformity of local government authorities. There are 133 local government authorities in Tanzania and this number is expected to increase after new regions were added recently. However, for this study rural-urban differences were taken into account with data being collected from one urban and one rural location. Arusha is an urban district with a municipal status. Arusha Municipal is one of the five districts of the Arusha region. Arusha Municipality is divided into three divisions: Themí, Elerai, and Suye. These divisions are further subdivided into seventeen wards, namely; Kati, Sekei, Themí, Kaloleni, Levulosi, Ngarenaro, Unga Limited, Daraja Mbili, Baraa, Sokoni I, Elerai, Kimandolu, Oloirien, Sombetini, Terrat, Engutoto and Lemara. Most of these wards are in an urban setting and their primary unit of governance is the street (or *Mtaa* in Kiswahili). The rural wards (especially Terrat and some parts of Engutoto) have a total of ten villages. According to the Arusha Municipal Council website, these villages are under consideration for removal (AMC, 2010). The Arusha Municipal population is estimated at 359,004. It is said to have the highest population density in Tanzania with 3,040 people per square kilometre (AMC, 2010). Tourism business

opportunities and the Tanzanite gemstones business are said to be the major reasons for the high population density in Arusha (AMC, 2010).

Kongwa is one of five districts of Dodoma region, a political capital of Tanzania. Kongwa has a district council status. Administratively, Kongwa district is divided into 14 wards namely; Chamkoroma, Kibaigwa, Hogoro, Iduo, Kongwa, Mkoka, Mlali, Mtanana, Njoge, Pandambili, Sagara, Sejeli, Ugogoni and Zoissa. Rural wards are comprised of 66 villages. Kongwa has a population of 248,656 according to 2002 National Population and Housing Census.

The Kongwa area is known for the failed Colonial Groundnuts Scheme. The Groundnut Scheme was set up by the British government in 1948 under the control of the then Overseas Food Corporation to supply the UK with much needed vegetable oil for domestic use (Hogendorn & Scott, 1981). Apart from the local villagers, Kongwa Township was built to accommodate staff needed for the groundnuts project. After the colonial project staff left in 1958, Kongwa remained a local township. However, in the 1960s Kongwa was used as a military base for the South African National Congress party (ANC) military members who had undergone training in the then Soviet Union, Algeria, Egypt, and China (Ivey, 2008). Characteristically, Kongwa is a semi-arid area with the majority of its inhabitants' main livelihoods depending on farming and livestock keeping. The locations selected for the data collection were Arusha Municipal Council (urban) and Kongwa District Council (rural). This involved district council staff and legislators. At community level this study involved participants from Njiro primary school (Arusha-urban) and Kongwa primary school (Kongwa-rural).

Primary Data Sources and Identification of Study Participants

Selection of the study participants was purposeful. In the planning phase, all district department heads were included in the sample; however, during the field exercise only a few district heads of departments working directly with the education sector were chosen. A letter asking to conduct research in the particular district and outlining the topic and research objectives was sent to the regional administrative secretaries of both Arusha and Dodoma. The Regional Administrative Secretaries gave a copy of the research permit (appendix 1) to District Administrative Secretaries in both districts. The District

Administrative Secretaries wrote letters to District Executive Director who allowed district council staff to be interviewed. In Kongwa, the letter from the District Administrative Secretary described the interviewees the researcher wanted to talk to including civil society organisations. Interviewees selected were: District Education Officer (primary and secondary), District Community Development Officer(s), Finance and Revenue Officer(s), District Treasurer and District Planning Officer(s). Generally, in both districts people in the same positions were interviewed: however, while the District Education Officer (secondary education) in Arusha was interviewed, this did not happen in Kongwa because the Arusha experience showed it was important to focus in primary education.

Study participants at the national level were selected from the researcher's previous acquaintances and prior email communication. For instance, donor agencies were emailed from contacts listed on the missions' websites. Preliminary work was done to identify institutions involved in the basic education sector.

Secondary data sources

Various written resources proved to be useful sources of secondary data. Reports and booklets at district level were important in this regard. Documents reviewed included district budget books – those of the 2009/10 fiscal year, especially, were used to generate information relevant for this study. Reports and documents at district council level – such as planning guidelines, procedures, and reports – were reviewed. Reports and other relevant documents from civil society at district level, such as one Public Expenditure Tracking Study, were also used to enrich this study.

Donor and central government internal unpublished reports were used to capture the formality of interaction between and among actors at national level. CSO's unpublished reports and research reports were important to capture alternative views of aid and policy-making and implementation in Tanzania. CSO's umbrella networks websites, especially the Policy Forum site, provided a crucial link to these documents.

National level documents reviewed were policy documents such as National Strategy for Growth and Reduction of Poverty (URT, 2005a), Vision 2025 and National Poverty

Eradication Strategy (URT, 1998). Aid-related documents from both the government and Development Partners, such as Joint Assistance Strategy, were reviewed. Documents such as Poverty and Human Development Reports published by the National Bureau of Statistics in collaboration with local research institutions provided some information in this research. Also Tanzania's fiscal year 2010/11 recent budget speech and briefs contributed greatly in this study.

Documents of interest about Local Government Authorities in Tanzania were sought and used to enrich understanding on development decision-making processes and implementation. Comparisons between documents were made to cross-check and enrich the information obtained. It is important to connect the development strategies in key development policies, local level plans, and their relevance in decision-making and implementation.

Sampling and Research Participants Selection

In an effort to narrow down the study design to education sector development priorities, few heads of departments were interviewed. Only departments related directly to the basic education sector were involved. Key informant in-depth interviews were conducted among Central and Local Government employees at the district level. Central government interviewees were one Municipal Director and one District Executive Director. Both district directors were men. Local government employees interviewed were two District Planning Officers (men), four District Community Development Officers (one was a woman), five District Education Officers (four primary, one secondary, and one statistics). One District Education Officer was a woman. Also, two District Revenue and Finance heads of departments (treasurers) were interviewed. Both were men. Local elected representatives interviewed included two Members of Parliament and two councillors (all men). The study interviewed four civil society representatives at district level involved with district level policy advocacy and service delivery (represented by men). Some of the civil society organisations are involved with national level policy engagement. One of the civil society organisations was serving as secretariat of a regional umbrella of civil society network. Another served as a secretariat of regional education civil society network. One of the civil

society organisations working on service delivery was an international NGO. All of the civil society organisations spoken to had worked or were still working with the local government or central government at various levels of either just consultation, using government employees for expertise, or policy advocacy. Most of the civil society organisations working at district level deliver some kind of service, especially in the basic education sector.

In order to determine the changing roles of local actors at community level, a school committee was used as a unit of discussion in which three representatives were interviewed including two head teachers (both women) and one former committee chairman.

At national level, interviews were held with two government officials from the Ministries of Education and Finance (both men), three development partners (one woman), and one civil society representative working at national level (a man). One public policy consultant (a woman) with in-depth experience in the education sector was also interviewed. Table 4.1 outlines the number and sex of research participants at both national and district level.

Table 4.1 Study Participants

Designation	Arusha Municipal Council		Kongwa District Council		National		Total
	M	F	M	F	M	F	
District Executive Director ¹	1		1				2
District Education Officer ²	1	1	3				5
District Planning Officer ³	1		1				2
District Treasury/Revenue Officer ⁴	1		1				2
District Community Development Officer ⁵	1		2	1			4
Member of Parliament ⁶	1		1				2
Ward Councillor ⁷	1		1				2
Head Teacher ⁸		1		1			2
Committee Chairperson ⁹			1				1
Civil Society ¹⁰	2		2		1		5
Ministry Official ¹¹					1	1	2
Development Partners (KII, DP 1-3) ¹²					2	1	3
Consultant ¹³						1	1
Total							33

¹ Key Informant Interviews with District Executive Directors coded as LGA 1 and 2

² Key Informant Interviews with District Education Officers coded as LGA 3, 4, 5, 6 and 7

³ Key Informant Interviews with District Planning Officers coded as LGA 8 and 9

⁴ Key Informant Interviews with District Revenue Officers coded as LGA 10 and 11

⁵ Key Informant Interviews with District Community Development Officers coded LGA 12, 13, 14 and 15

⁶ Key Informant Interviews with Members of Parliament coded as LGA 16 and 17

⁷ Key Informant Interviews with Ward Councillors coded as LGA 18 and 19

⁸ Key Informant Interviews with Head Teachers coded as SC 1 and 2

⁹ Key Informant Interviews with Committee chairperson coded as SC 3

¹⁰ Key Informant Interviews with Civil Society representatives coded as CSO 1, 2, 3, 4 and 5

¹¹ Key Informant Interviews with Ministry Officials, finance (MoFEA) and education (MOEVT)

¹² Key Informant Interviews with donor three representatives coded as DP 1 to 3

¹³ Key Informant Interviews with a Consultant coded as CSO 6

4.4 Data Collection

An interview guide in the form of an open ended questionnaire was developed (appendix 2). The guide contained general questions that were contextualized into specific questions in the research process. Each participant was asked a different set of follow-up questions. In total, 33 participants were interviewed, face-to-face, at both national and district levels. Due to time constraints one interview was conducted on Skype. Most of these interviews took between one and two hours and in a few cases follow-up interviews were held the next day or when time and necessary information was available. Some interviews were very short: the heavy workload of participants resulted into limited time to talk for one hour – for instance, Members of Parliament, District Executive Directors, and Ministry of Education Staff. Out of the 42 appointments for interviews that were made some interview engagements were cancelled due to limited time on the part of participants resulting in a final total of 33. During the interview process notes were handwritten on a notebook to be transcribed later.

Data collection also involved gathering of relevant reports such as research report, progress reports, and organisation charts. Photocopies or soft copies of some of these reports were stored when necessary. Some reports were read on-site or borrowed for few days given consent of the custodians.

4.5 Data Analysis

Information collected in this study was mostly qualitative with few figures and numerical data in reports. Qualitative data analysis was done right from the field during data collection. However the main exercise of data analysis was done after the field work when a thematic approach was used to sift information in key themes according to critical issues raised in the field. Research notes were transcribed after the completion of interviews and documentary reviews. Transcribed interviews notes were coded and summary of findings were organised in similar themes according to the research objectives. Themes that emerged out of coded notes provided a good basis of research findings and discussion. The organization of data took a two-fold approach, first the role of each main actor in development policy-making and implementation was outlined. Key issues emerged as the role of actors were drawn upon. Links were mapped to establish relationships between and

within actors. Second as the roles of actors unfolded, processes and outcomes of actors' interaction produced issues which were later categorized into themes based on research objectives. Findings and discussion were presented and discussed in both diagrammatical and textual. Data presentation and discussion went hand-in-hand to ensure information flow and link to research questions.

4.6 Ethical Considerations

This study upheld ethical considerations as outlined in the Victoria University of Wellington Ethical policy. Ethics approval for this study was granted (appendix 3). Research Consent forms and a thorough explanation of research objectives were used to let respondents decide if they wanted to participate or not. In the field, before the data collection exercise started, a research permit was required in both districts. Given that the districts were in different regions, two research permits had to be sought (appendix 1). The granting of these permits increased confidence among participants. Confidentiality of information provided by interviewees was assured by coding their responses. Some participants agreed to be quoted but, for consistency, this research report will only use participants' coded names.

4.7 Positionality

In any research bias may arise due to the researcher's positionality. My personal experiences as a researcher determines the construction, reception, and use of knowledge gained in this research exercise. Positionality or multiple positionalities have influence on knowledge and understandings of ethical practices in a participatory mindset (Hopkins, 2007). This requires researchers to recognise our own positionalities; how various identities may influence and shape our research activities.

My ethnicity, and 'insider' status, may have almost no influence on local actors that I talked to, due to the fact that all of them were Tanzanians. However, for issues regarding the relationship between development partners and the government, my ethnicity may well have been an advantage with government people talking about issues that they would not tell a foreigner. On the other hand, with regard to development partners I may have missed being told sensitive information because of being regarded as a Tanzanian.

Being a male, educated person may have affected the outcome of this research especially with issues concerning women. It should be noted, however, that there were very few female interviewees as there are few females in various positions at district and national level in the government, civil society and development partners

Additionally, while my prior work with NGOs (local and international) opened up opportunities of contacts and acquaintances, my positionality in this sense may have denied me the self-critical lens towards civil society organisations. Furthermore, my civil society organisation positionality may have influenced the way I looked at other actors, too, such as the government and development partners.

4.8 Conclusion

This chapter has outlined how this study was conducted and the reasons for selecting this approach. The study was based on qualitative epistemology with a strong focus on participatory worldview. In-depth interviews were conducted with a selected group of interviewees at district and national level. Participants came from the central government, local government, local and international civil society, development partners, and school committee representatives (community). Secondary data was also used to enhance findings from interviews. Data analysis provided a basis of two major categories: the role of various actors, and processes and outcomes of policy-making. Ethical considerations and the positionality of the researcher were considered briefly.

Chapter 5 Changing Aid Modality – the Roles of Different Actors

5.1 Introduction

Changing aid modalities from programmes or projects to General Budget Support (GBS) has affected key actors differently. The role of the central government has changed most fundamentally. This changed role of the central government has affected CSOs, Local Government Authorities (LGAs), communities, and to some extent even Development Partners (DPs).

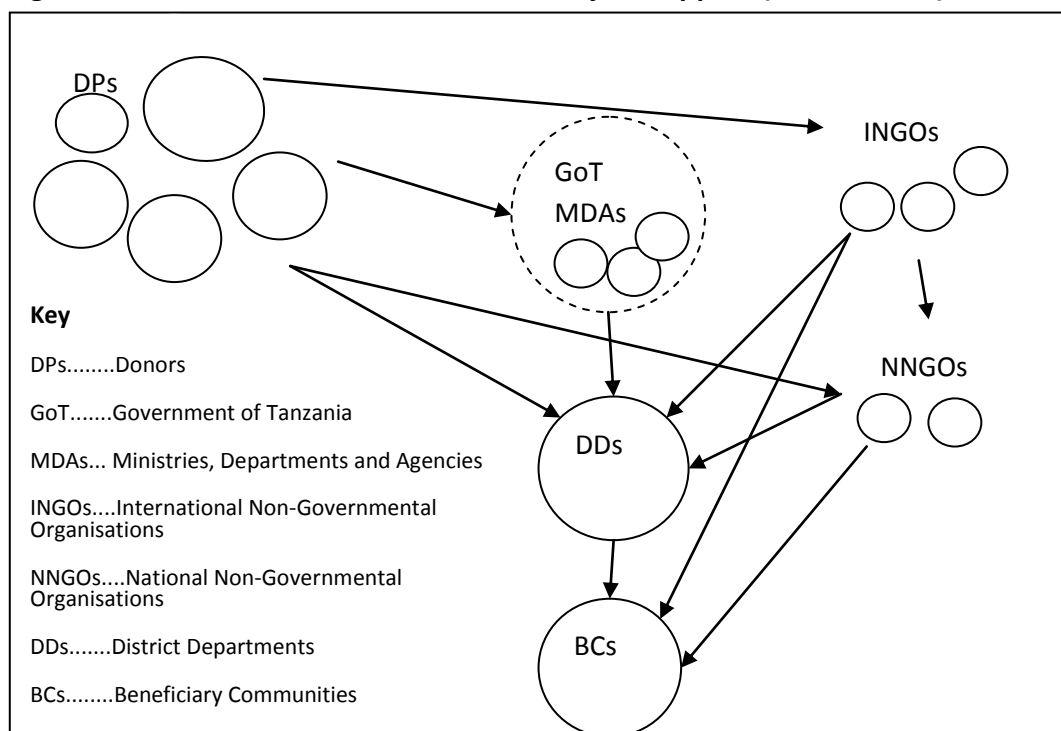
This chapter aims to explore how the role of the central government has changed and how different agencies have been affected. First in this chapter, a brief overview of actors in the era of project support is presented. Second, the key issues – as explained by field research participants – about the role of the central government and how it has changed in light of the new aid modality are identified. Third, the ways in which the changed role of the central government has affected different actors and local communities is discussed.

5.2 Actors' Changing Roles

In Tanzania in the early 1960s most aid was in project and programme form, and focussed on supporting projects within the government structure through central ministries, departments and agencies, district departments, and NGOs. Donors funded both international and national NGOs. A particular district department would directly deliver aid in the form of services. Likewise, international and national NGOs aimed aid to impact beneficiary communities. Relationships between donors and the Government of Tanzania were generally good. According to the Helleiner Report, during “the thirty-year-old aid relationships, many donors were enthusiastic about the equity-oriented and socialistic aspirations of the government and the then president Julius Nyerere” (Helleiner, et al., 1995, p. 6). However, this relationship reached a crisis in the 1990s. Following a more neoliberal approach which was suspicious of a large central government role, the local government became more important to donors. It was also a time when NGOs proliferated. At the same time, central government agencies faced the challenge of a multitude of uncoordinated donor-funded projects. More than 2,000 projects with about 40 donors were involved (Helleiner, et al., 1995, p. 40). The government had no authority or power to coordinate

these activities. The government was more like a loose network of ministries, departments, and agencies, acting incoherently. Figure 5.1 describes these main actors and the roles they played in aid delivery in Tanzania. During this time donors did not act in unison although there was a loose network of like-minded donors such as the Nordic countries group. There were many donors supporting projects at national level through various channels including central government agencies and NGOs. These would later support district departments, district-level NGOs, and, many times, directly support beneficiary communities. Also, donors financed projects directly to district departments or district-based NGOs. Likewise, international NGOs supported beneficiaries directly or through national NGOs and district departments. This structure was complicated and the national government had no control of what was going on sometimes, even within its ministries.

Figure 5.1 Actors, Roles and Aid flows in Project Support (1980s-1990s)



Source: Field Research 2010

In the neoliberal era structural changes were advised by international aid regimes. These changes required a less government and more market oriented service delivery. The structural changes involved reduction in the numbers of public servants in many sectors

including service sectors such as education. Civil society organisations proliferated taking the role of service delivery and advocacy. Local Government Authorities gained strength as individual district departments made decisions with and for communities about development implementation. The government at national level dealt with a multitude of donors and projects using various systems. Relatively speaking, at this time the central government capacity depended very much on support from local government. The dialogue and engagement was more between donors and local government authorities (KII, DP3).

The impact of neoliberal structural changes to service delivery in Tanzania was mainly negative. The government reduced spending on the education sector leading to a sharp decline in enrolment as a result of the abolishing of free services and the re-introduction of user fees such as school fees and other contributions. Also parents' incomes decreased making education provision and even contributions harder. Enrolment rates declined at the same time that public sector employment declined by 15% (Vavrus, 2005, pp. 183-184).

At the school committee level, parents had more authority about running the schools. People's authority was influenced by the Education for Self-Reliance philosophy under *ujamaa* principles. Everyone felt responsible and parents paid fees so schools were more accountable to communities. However, the fees were not sufficient to cover costs of running schools so the government and aid agencies subsidised the difference through projects where possible.

5.3 The role of Central Government and implications on other actors in Budget Support

The changes in the aid industry in development policy-making and implementation have definitely affected actors in various ways. Changing aid modality from a focus on project/programmes to budget support has caused various responses and implications in policy-making and especially implementation. It should be noted that not all Official Development Assistance that the government of Tanzania is receiving is in the form of General Budget Support (GBS). Project and basket funds are still provided by donors. Sector Wide Approaches (SWAs) are common to provide funding between projects and general budget support. SWAs support sector budgets where donors earmark funds to specific activities.

Table 5.1 indicates the proportion of aid flows from the three different modalities – General budget support (GBS), project, and basket funds – from 2002/03 to 2009/10 fiscal years. Only once in this particular period, in the fiscal year 2006/07, was project support below GBS. Even then, if projects were combined with basket funds still general budget support was lower.

Table 5.1 Aid Composition as Percentage of Total Aid Recorded in the National Budget

Year	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
GBS	30	38	34	38	42	38	36	38
Basket	16	18	21	20	16	12	18	18
Project	54	44	45	42	41	51	46	44

Source: United Republic of Tanzania (2008)

With the changes from project support to general budget support in the late 1990s the role of the central government has dramatically changed from the previous aid arrangement where the government was more responsible to its citizens and had a significant reporting role to donors. Following this, the central government had little or sometimes no control at all of foreign aid resources due to direct implementation to beneficiaries by donors through technical staff, NGOs, and Local Government Agencies.

In the new aid modality the central government has increasingly become stronger in terms of centralised decision-making and control of policies leaving actors such as local government, civil society, and communities with little control. Despite the fact that policy decisions and implementation became more consultative in the beginning of budget support as aid modality, increasingly research participants think the trend has changed (KII, CSO1). The government has become stronger compared to other actors in the decision-making and policy-making arena. For example: in 2010 the government decided to change primary school key textbooks as there were too many books to be used by teachers. However, the way in which the Ministry of Education and Vocational Training (MOEVT) handled the change was not transparent. Donors and CSOs were not informed about the

change and, suddenly, when they were informed it was too late. Some of the text books publishers were hit hard by this decision as expected in a market economy.

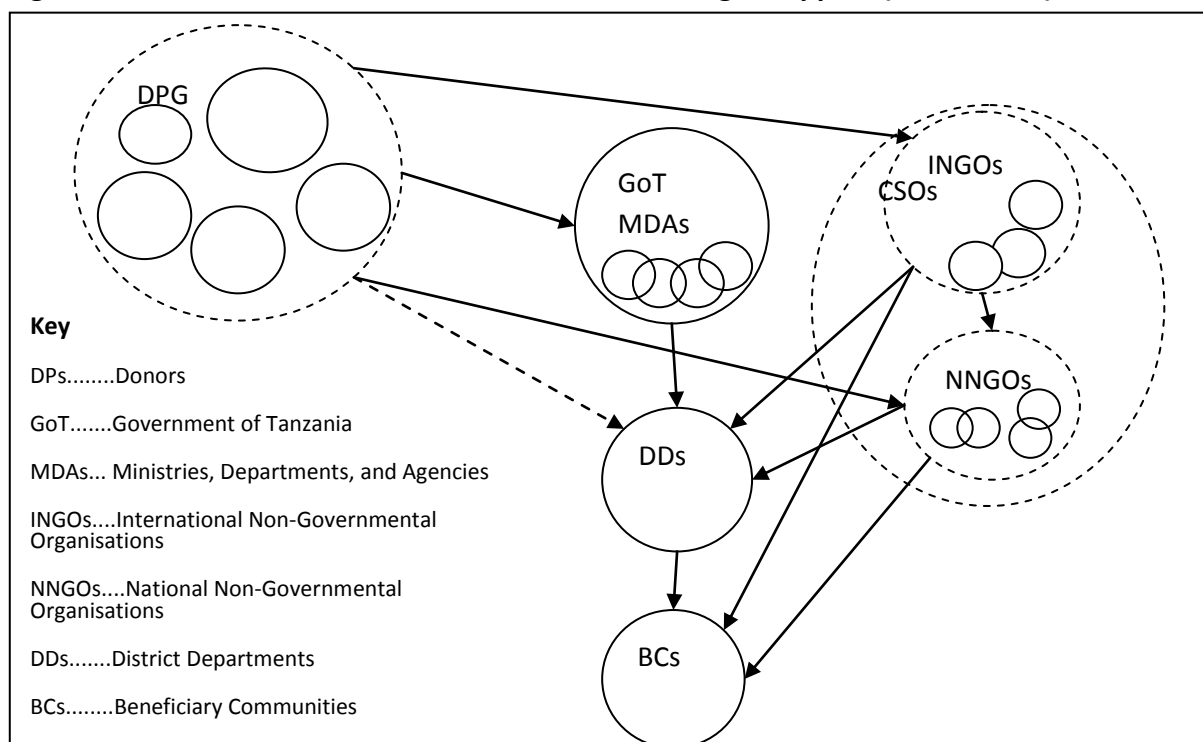
“It was a sad incident, it took us backward. It made me rethink some of the belief that the system works well but in some cases my influence is limited” (KII-DP1).

This is a notable display of the central government’s strength and a typical example of how the system does not work effectively in a consultative way in the light of the new aid modality. The Government felt able to make a decision unilaterally and it was a top-down decision indeed. Although the Ministry of Education and Vocational Training (MOEVT) handpicked about 40 head teachers to help make the choice of books, others were not invited to participate. The selected teachers made their decision and this was taken to the ministry’s established technical committee. However, there were no inputs from donors, publishers, or CSOs, all of whom might reasonably have been able to participate and help make a more informed decision. The new aid agenda hopes to encourage greater efficiency in decision-making, which was perhaps the case here, but this example suggests that the effectiveness of the decisions made may be brought into question when participation is limited.

Figure 5.2 shows that budget support has brought in some changes as compared to figure 5.1. The government is somehow coordinated under the leadership of the Ministry of Finance and Economic Affairs (MoFEA). Donors, too, as important players, are loosely coordinated under Development Partners’ and GBS donor groups. CSOs try to coordinate and work as one voice in some issues. Formal CSO networks are said to be hard to maintain. Aid flows have changed with fewer projects going directly to LGAs from the DPs. Projects can bypass MoFEA in the current setting; however, efforts have been made to document all projects’ sector wide approaches (SWAPs). Also, most of the funds or reports pass through Prime Minister’s Office Regional Administration and Local Government (PMORALG). The only thing which some donors still practice at LGA level is aid in the form of technical assistance whereby aid agencies station their personnel at district level to build or develop capacity of local staff. For example, in Arusha Municipality there are technical specialists working with the Finance and Trade Department for capacity building of local revenue

collection. It was revealed from interviews at district level that there is no technical assistance in Kongwa.

Figure 5.2 Actors, Roles, and Aid flows in General Budget Support (2000s-2010)



Source: Field work 2010

During budget support, policy engagement structure changed dramatically. In view of the Paris Declaration promoting country ownership, DPs resorted back to working with the Ministry of Finance and Economic Affairs (MoFEA), other thematic ministries, departments, and agencies. CSOs were first informally invited but later formally included in national level aid dialogue. LGAs were pushed out in the belief that they are represented by ministries and departments. The Government of Tanzania, through MoFEA, is supposed to lead all discussions, in the spirit of country ownership.

In practice, according to interviewees, the central government is said to reduce policy engagement with other actors such as donors and civil society organisations. Invitations to key meetings have become less frequent and in most cases delayed. However, some representatives of donors – especially lead sector agencies – will usually be flexible enough

to participate at a short notice invitation but others are, in practice, excluded. According to one informant, the patience of civil society is running out and they cannot tolerate any more short notice or delayed invitations to meetings. There is an overall feeling of alienation and mistrust (KII-CSO1).

Noticeably, the central government has reduced accepting inputs from other actors on top of declining policy engagement. Civil society organisations point to too many Public Expenditure Reviews (PER) meetings from which nothing, or very little, is taken on board in policy decisions (KII, CSO1).

Apart from inputs from regular PER and other policy meetings in Dar es Salaam, it was learned that even in occasional policy engagement opportunities the central government has ignored or altered inputs from the civil society. Recently, for instance, the Ministry of Education and Vocational Training (MOEVT) was reviewing education and training policy. This review involved stakeholders' consultations. Civil society complained of being used in the name of participation for what was, in reality, simply 'tokenism' in this process (KII, CSO2). Tanzania Education Network (TEN/MET) organized a workshop for civil society organisations' representatives where the policy draft was discussed and relevant inputs documented. However, concerns were raised by the regional representatives in Arusha that most, if not all, of their suggestions and recommendations were left out (KII, CSO2). However ministry officials pointed out that some of the said suggestions or recommendations from Arusha and many other regional civil society organisations and networks were weak. They were mostly activities and issues rather than policy strategies (KII, MOEVT).

Donors face similar issues with civil society but to a lesser extent in relation to being sidelined in policy engagement processes. Donors get information about meetings and related agenda relatively earlier than civil society. According to participants, civil society organisations, in most cases, get phone calls from the Ministry of Education to participate in meetings the next day but sometimes without documents and agenda of the meeting. In contrast, donors receive invitations with relevant agenda and documents to be discussed. However, both donors and civil society feel the sense of being ignored by the central government in terms of timelines for invitations and meetings' agenda (KII, DP2 and CSO1).

It is important to notice that the aid industry has had positive influences too in the course of development policy-making and implementation. Changing aid modalities from project/programme to budget support came with improving revenue collection. Although the central government in Tanzania started reforms in tax administration and collection to combat corruption and improve revenue collection, there was significant assistance from development partners. There was also improved financial and performance management with fiscal systems, procedures, and guidelines in place.

The ownership principle, in accordance with the Paris Declaration, is working to some degree in Tanzania. However, in practice the government representatives, especially at national level, still feel that there is limited coherence of the national development plans which leads to little implementation. “It used to be like one person is saying this and we all do differently, but now it is like many people say the same thing but we all do differently still” (KII, MoFEA). For example, the recently phased-out National Development Plan, or the second generation PRSP (NSGRP), was participatory in formulation. Consultations were done at all levels with civil society, members of the public, academic institutions and legislators played a crucial role. Donors were hands-off compared to the first generation PRSP. However, in implementation, government ministries demonstrated a lack of cohesion. Both government and donor study participants agree that this was the problem, but attribute it largely due to limited linkage between policies and practice in Tanzania (KII, MoFEA, and DP2).

5.4 Impacts on Other Actors

5.4.1 Local Government Authorities

Decentralization has been at the heart of Tanzania’s policy-making for a long time. However the semi-autonomous structure of Local Government Authorities (LGAs) started in 1980s. The previous villagisation programme failed, but the later form of LGAs at district level was strong and functional. The first phase of LGA reforms was intended to give more power to people in decision-making and implementation; however, the opposite happened whereby it became more the means to centralise power or de-concentration (Nyimbi, 2008, p. 3).

During this time functions and powers of central government were supposed to be transferred to district-based central government offices.

From the 1990s new legal structures of LGAs aimed to facilitate Decentralization by Devolution (D-D) in which the central government was to devolve its authority and power to elected LGAs. The central government ministries, departments, and agencies (MDAs) were expected to switch from direct implementation to the role of support and monitoring of LGAs. The Local Government Reform Program (LGRP) began officially in 2000 with four main objectives

- Devolution of power to locally elected councils and committees (political decentralisation)
- Collection of taxes and budgeting based on local priorities (financial decentralisation)
- De-linking local authorities staff from the respective line ministries, making them accountable to the local government (administrative decentralisation)
- Changing the role of line ministries from control to that of policy-making, regulating, support and monitoring to ensure quality of services and national standards (PMORALG, 1998, pp. 4-5).

Political/administrative Decentralisation

Research participants pointed out that local government reforms have not adequately devolved administrative and political powers to district level: the reforms' intention was good but in practice a lot of power is still vested in the central government's presence at the local level. "If the District Commissioner and District Executive Director are central government employees, what is the role of the local government then?"(KII, LGA17). This implies that local government administration is strongly under the control of the central government. In essence, with discussions happening at the national level the new aid modality continues to destabilise the district level.

Political devolution has been partially achieved. It is noteworthy also that the legislators at local level (Members of Parliament and Councillors) are elected locally to defend local interests. Local representatives are elected democratically and usually three names are nominated for each constituency. These names will be sent to the respective national political party central committee for approval which usually approves the leading contender, although, in some cases the second or third runners up have been approved instead to

participate in the election. This shows that even political parties are centralised, which sometimes makes legislators accountable to the party rather than to the constituency. In one instance, one councillor said “In our district, it is a problem when the MP and the district party chairperson are friends. We just cannot decide beneficial things or challenge awkward plans because they can turn against us” (KII, LGA 18). Also, “The mayor is doing nothing because he is serving few people above him and not local interests” (KII, LGA 18). Changes to budget support have not given local legislators an opportunity to engage in the national level policy discussions but have opened up chances for the public to challenge their local Members of Parliament and Councillors.

Financial Decentralisation

Fiscal decentralisation under the new aid modality has yet to work well. Many sources of revenue that used to be collected and expended locally are now under the authority of the central government and collected by its agency, the Tanzania Revenue Authority. Local governments have few internal sources (KII, LGA 10). These internal sources cannot suffice to meet financial obligation of the local government. The central government was supposed to provide alternative block grants known as “general purpose grants” to pay for either scrapped levies or sources that were centralised (KII, LGA 11). The central government does provide these block grants, but they are insufficient and do not subsidise all lost revenue sources (KII, LGA 3). For example, in the 2010 fiscal year both Kongwa and Arusha district councils had received around only 50% of grants from the central government allocation which, in full, makes up over 80% of the councils’ budget (KII, LGA 1, and LGA 2). Because of this, then, nearly half of planned activities are not able to be completed in the specified time. There is evidence that activities either overrun into another fiscal year or stay uncompleted (KII, LGA 6). Budget support was supposed to consolidate financial sources and procedures centrally, but with planning and expenditure decided locally at district level. However, there is clearly a gap between national level and district level; therefore fiscal decentralisation under budget support is not working well.

Consequently, LGAs have partial autonomy over decisions over allocation of resources. Strong control from the central government coupled with limited resources make LGAs even weaker and more dependent than they used to be during project support. Flexibility in the

use of resources is limited to the use of their own resources, especially funds collected from local revenues. Interviews with research participants revealed that it is quite hard for LGAs to use allocated funds from the central government on other projects that were not budgeted as needs arise (KII, LGA 8). Only locally collected revenues will be used in this way. In case of emergencies or change in plans due to unforeseeable circumstances, local governments face hard circumstances to implement projects. Budgetary amendments take so long and in such a way that approvals from treasury usually take over six months which makes it irrelevant in a given fiscal year. Local governments tried approvals before but have later given up and now they pursue different strategies, especially using locally collected revenues in case of changes in project circumstances in the course of implementation. Likewise, on other arising issues it is even difficult to use funds from donors flexibly. Although the procedures, regulations, and frameworks which were set by the central government are said to be beneficial in terms of accountability, inflexibility is a problem: it takes a lot of processes to make these funds available for daily use.

Local governments face funding delays from central government. In May-June (2010) only 50% of funds designated for development projects and recurrent expenditure in education and other sectors were received at the district level (KII, LGA 2 and LGA 6). The experience of local government staff is that it was really difficult to run government activities with half the annual budget (KII, LGA 4). Local government copes by employing different techniques to survive; for instance, to gradually prepay suppliers and contractors in the hope that they will deliver services in due time. However, this method is limited to high-demand service sectors such as education and health.

The move to budget support has strengthened LGA's financial procedures according to district planning departments (KII, LGA 8 and 9). On the other hand, this move has centralised financial control to the central government. The Ministry of Finance sets budget ceilings and guideline frameworks. The Ministry of Finance can strike out anything exceeding the ceiling. At the same time local governments cannot alter plans; if they must do so, an approval has to be sought. It is said that an approval to use funding on a different way will take more than six months, and actors in local governments feel it is useless to apply for approvals because of the bureaucracy involved (KII, LGA 9). The response option is to use their own limited resources for emergency expenditures or changes in

implementation circumstances. In extreme cases the local government will defy accounting procedures to meet expenses during an emergency or changing project implementation circumstances by allocating financial resources to a new budget item under the name of the “real” budget item known to the Treasury. “It is not ethical really, but what can we do?” (KII, LGA 8).

5.4.2 Civil Society Organisations

Civil Society Organisations (CSOs) have been operating in Tanzania since before independence in 1961. The flourishing of national NGOs came in about the mid-1980s. The number of NGOs continued to increase until the mid-2000s when growth became marginal. There are varying reports about the number of NGOs in Tanzania because formerly they were registered with two different government departments. In 1995 there were 800 NGOs, at least 75% of which had registered after 1990 (Mercer, 2003, p. 754). In 2000, the number was estimated to be 8499 (Lange, 2000, p. 6). Figures registered on the web directory of Civil Society Directory as of January 2011 record 3295 NGOs (CSOFTz, 2011). Another reason to explain the discrepancy in figures is that not all NGOs are members of the Foundation of Civil Society. Furthermore, there could be duplication and/or omission within registering bodies.

Project support opened advocacy and policy engagement space for CSOs. At national level CSOs’ participation in the education sector has been strong. Also, in key national development plans such as National Poverty Eradication Strategy (NPES), CSOs participated strongly. There was some participation of CSOs in the later aid-influenced first generation poverty reduction strategies (PRSP). Participation and consultations were strong during the second and now third generation poverty reduction strategies which involved CSOs at national and regional levels.

CSOs did not become active in advocacy, lobbying, and activism until the late 1990s and the early 2000s. In the education sector, the Tanzania Education Network (TEN/MET) and individual national CSOs such as Hakielimu and Maarifa ni Ufunguo have made a great contribution. These CSOs work in research, advocacy, and policy engagement. International NGOs also played a key part especially in service delivery and early institutional

arrangements with regards to participation in national policy-making and implementation initiatives. Both national and international NGOs have been actively engaged in policy advocacy.

CSOs were involved in policy-making processes early in the 2000s but even more in the mid 2000s. In preparation and implementation of the education Sector Wide Approach (SWAp), funding modality civil society organisations were actively involved. In the later 2000s it is said that CSOs were actively engaged in Public Expenditure Reviews in this sector (KII, CSO 2). The education sector is the most developed in terms of collaboration between civil society, donors, and the central government agencies.

Changing aid modality towards budget support first attracted and engaged local and international civil society in Tanzania. In the formulation of the first generation PRSP, there was a huge reaction from CSOs. First, some strong coalitions of CSOs were against the process altogether, citing its deficiency and being at the heart of the failed mainstream neoliberal development agenda. Second, CSOs decided to join the government and DPs in the process rather than to lose track of the process.

At national level, CSOs became active in policy engagement especially in formal Public Expenditure Reviews and ad-hoc meetings between the government and donors. Recent development in policy engagement has seen declining CSOs involvement in day-to-day policy processes. Research participants pointed to civil society organisations distancing themselves from some of the policy dialogue avenues and their suspicion of being deliberately sidelined (KII, CSO 1). Due to poor engagement between civil society and the government, some CSOs have started to switch back towards service delivery and capacity building. Noticeably, while TEN/MET has continued to participate in policy discussions less frequently other local NGOs, once active, have retreated. Hakielimu, for instance, has distanced itself from education policy meetings recently as have other CSOs in the education sector. CSOs feel these meetings have become “tokenistic”: “We discuss things, provide inputs to policy discussions but rarely are the issues considered serious by the government” (KII, CSO 1). Key inputs of CSOs were left out in the new Education Policy which is set to be published in a final draft soon. MOEVT argued that some of those inputs were merely a set of activities, therefore they could not be taken on broad policy issues (KII,

MOEVT 1). However, CSO contributors to this study claim that if this was true then facilitators failed to show the distinction between policy strategies and activities, and did not make it clear that activities cannot be included in a policy document.

Process problems exist in relation to policy engagement between civil society and the government. CSOs highlighted that, recently, scheduled policy discussion meetings have become rare. Meetings are called haphazardly and at short notice. In some meetings CSOs have not been invited at all even if the structure developed in budget support requires that they should be present (KII, CSO 2). Most of Technical Working Group under Education Sector Development Committee has one CSOs representative. In the light of the Paris Declaration principle of ownership, the central government, through MOEVT, is tasked to set meeting dates and invite other players to these meetings. However, CSOs feel late or non invitations are a deliberate ploy to sideline them from the discussions. This is one of the reasons for less CSOs participation.

Consistently, CSO participation is becoming issue-based rather than being included in day-to-day policy engagement such as in Public Expenditure Reviews. For example when the government started Education and Training Policy review and the third generation PRSP CSOs were quite active especially Dar es Salaam-based CSOs (KII, CSO 1).

In theory, the Joint Assistance Strategy through budget support is meant to consolidate various aid activities and plans into one plan (the country document) then space for policy engagement is opened up in avenues such as annual sector reviews and general budget support review. CSOs are actually included in the structure of the sector Technical Working Groups (TWGs) which involve government representatives and donors. However CSOs' participation recently has not been regular and is declining.

“Interestingly, however, some of the outspoken NGOs are implicitly withdrawing from this space partly because they see it as a waste of time – it’s token involvement, ideas aren't really taken on board, papers never consistently made available in advance. Also partly because the real difference is to be made through public engagement, and getting parliamentarians to put on the pressure” (KII, CSO 6). This implies that CSOs focus their activities on advocacy and public engagement to get legislators on board in terms of policy agenda and educating normal people about their rights to question the government.

Likewise regional education civil society organisations have focused their activities towards public engagement and less with policy advocacy at local level. “We now train school management committees, ward councillors, and community members on many issues including budget tracking so that they may ask relevant questions”(KII, CSO 4).

The presence or absence of CSOs does not appear to bother the government’s representatives. Donors are aware of and concerned about the situation. Donors have at some points encouraged CSOs to participate, sometimes by extending the invitation from the government. “This is not a good time for them to lose hope, because partnership means commitment, even when one partner is not cooperating well” (KII, DP1). CSOs are giving up, they do not believe in the system any more so they do not prioritise these meetings. This is not a formal decision though. Donors think that part of the responsibility lies with the CSOs, “Why can’t they demand to be involved effectively with support from donors?” (KII, DP 2).

It is noteworthy that recently the situation has improved dramatically. Although there are few CSOs in the education sector at policy level; discussions in this sector are said to be one of the best (KII, DP1). TEN/MET participates actively and has the mandate to nominate other members to participate in policy dialogue. In the case of late invitations, while donors sometimes have the same problem, given the importance of the partnership, many times donors participate actively. However, it is to be noted also that some donors have irregular participation in these meetings. “They are preoccupied in supporting financially rather than coming to meetings” (KII, DP1). Some DPs are also tired of too many meetings they have to endure (KII, DP 3).

CSOs outside Dar es Salaam have difficulty being part of these meetings. Short notice invitations make it hard for regional civil society organisations to participate. Up-country CSOs need to be well resourced to travel to Dar es Salaam for these meetings, frequently at short notice and with unknown schedules. Even well resourced up-country CSOs find it really hard for them to attend short notice meetings. TEN/MET has tried to solve this problem by inviting strong Dar es Salaam based CSOs. However, this has increased the knowledge gap between Dar es Salaam-based and regional CSOs. Regional CSOs hardly

understand what is going on and this is definitely eroding trust between well connected Dar es Salaam-based CSOs and isolated regional CSOs (KII, CSO 3).

Civil society organisations have increased public engagement jointly using the issue-based policy network, the Policy Forum. The Policy Forum meets once a month in a breakfast talk where selected CSOs present brief research findings or issues to invited stakeholders such as donors, the government, and the private sector.

The watchdog role of CSOs is gradually changing from direct confrontation or dialogue with the government and aid donors to public engagement. Public engagement is now done using means such as training legislators, media, and school children. CSOs public engagement has greatly impacted the general population understanding level of policy issues facing education in Tanzania. Also civil society had great impact in public engagement through training and dialogue with school management committees, ward councillors, members of parliament, village/street leaders, and the general public. The public now can question about various issues in education sector and demand responsibility from the government.

The situation is not the same in other areas of the country, however; for instance in Kongwa, where CSOs' activities are very limited. There are very few active local national CSOs in the district. These CSOs are providing various services such as school materials for orphaned children, school feeding, and water infrastructure around schools. Occasionally they are engaged in policy dialogue at national level in issues that involve wider CSOs participation. Even international NGOs present in the district are engaged in service delivery more than policy advocacy or even capacity building in pertinent policy issues.

Up-country national CSOs in general have little or no policy engagement activities at district level. In Arusha, where there is a flourishing NGO sector, the situation is similar to Kongwa with quite a few NGOs involved in district policy engagement. The legal working structure of the district council formal meetings does not have space for CSOs engagement. However CSOs are welcome to give their ideas through sector departmental meetings in sectors where these CSOs are active. Another point of entry is through personal contacts with legislators, ward councillors, or members of parliament. Ideally, in the context of local

government reform program in Tanzania, policy engagement space for district and regional NGOs and CSOs networks should be opening up but in practice this is far from the truth.

Issue-based involvement of district CSOs is still haphazard depending on the pace at which national level actors communicate information to their allies or partners at the district level. For instance, many local district level CSOs participated in the Public Expenditure Tracking Study in basic education (PETS) (KII, CSO 4). “It really depends how much an NGO is known or connected” (KII, CSO 5).

5.4.3 Development Partners

Changing aid modalities has definitely changed the role of the central government in relation to development partners or donors. Donors operated almost exclusively in isolation before new aid modalities were implemented. This had both disadvantages and some benefits for both sides. On the side of the donors, one of the problems was increased transaction costs; too many donors were using substantial resources to deliver aid to the same government and or people using their own financial system. On the government’s side, there were too many activities, for example, reports, in various formats and they had to endure many mission visits. The Paris Declaration intended to solve these problems by introducing principles of ownership, harmonisation, alignment, results, and mutual accountability. Fundamentally, the government of Tanzania was at the seat of development policy-making (ownership) and using own financial systems (alignment). Tanzania was one of the first countries where donors organised themselves to partner with the government under the Tanzania Assistance Strategy (TAS). DAC donors started TAS and later other non-DAC donors joined in. Donors in TAS became more organised into Joint Assistance Strategy (JAST). However even after the Joint Assistance Strategy, which aims to unify donors’ systems and procedures, still there is evidence of uncoordinated efforts (KII, DP1). General Budget Support has given both the central government and donors a platform to amicably resolve things. But still, because of varying degrees of commitments or interests, the government of Tanzania can sometimes isolate donors to its advantage (KII, DP 2).

Currently, there are eleven bilateral and three multilateral donors providing General Budget Support under the Partnership Framework Memorandum (PFM) between the Government of Tanzania and the GBS partners signed in January 2006.

Development Partners have put in place structures to promote development effectiveness and increasingly speak with one voice on key development issues. A Development Partner Group (DPG) is the coordinating body for Tanzania's thirty-five bilateral and multilateral development partners.¹⁴ The DPG meets monthly and is jointly chaired by the UN and a bilateral donor (rotating). It has a permanent Secretariat and a number of sector specific sub-groups. General Budget Support (GBS) is provided by fourteen donors¹⁵, up from five donors in 2000. GBS donors provide aid based on a common performance assessment framework and joint annual review processes. Donors are, to the extent permitted by their own mandates, increasingly using government treasury, procurement, and financial management systems, and are applying programme-based approaches aligning their financial support behind the government strategies and programmes in health, education, transport, public sector reform, public financial management reform, water, HIV/AIDS, Local Government, forestry, private sector reform, and agriculture.

The increased role of the central government in policy engagement processes has given bargaining advantage to the government. It was learned that out of fourteen donors supporting the Tanzanian general budget, eleven were once quite active in annual budget reviews and now about nine are involved consistently. Even fewer donors are involved consistently in Ministry of Education and Vocational Training policy discussions. Donors face the same challenges as CSOs, such as late invitations to policy meetings and contributions and inputs being ignored. Consequently, some of the donors decided to believe that the system would work well on its own, hence they have reduced their involvement. Now donors are categorised as "active" and "less active" in terms of policy engagement but both groups still give aid in budget support (KII, DP3).

¹⁴ The Development Partner Group includes: Belgium, Canada, Denmark, European Commission, Finland, France, Germany, Ireland, Italy, Japan, Korea, Netherlands, Norway, Spain, Sweden, Switzerland, United Kingdom, United States, United Nations (UNDP, UNICEF, ILO, IFAD, UNFPA, UNIDO, UNAIDS, UNCDF, WFP, UNHCR, FAO, UNESCO, WHO, UN-Habitat), African Development Bank, International Monetary Fund, and World Bank.

¹⁵ African Development Bank, Canada, Denmark, EC, Finland, Ireland, Japan, Germany, The Netherlands, Norway, Sweden, Switzerland, United Kingdom, and Word Bank.

In theory there is strong donor cooperation but in practice it is still difficult for donors to work together even under the auspices of much the publicised Joint Assistance Strategy in Tanzania. Research participants revealed that donors have their own organisational issues to deal with so it will take time to work together in a harmonised manner (KII, DP1). Thus, the harmonisation agenda is challenged in practice. The central government has become quite flexible in dealing with donors depending on what issue is really pressing; for instance, under general budget support, it has been easy to present plans and anticipate predictability of aid flows. Likewise, follow up to disbursement schedules and funds transfers has been made easier for the central government. However, in terms of getting favour from one donor over to the other within the harmonisation arrangement “it is still possible and widely used”(KII, MoFEA). The central government is known to have taken advantage of the situation, sometimes by dividing the donors club by playing one against the other in issues. This has been possible because some less active donors depend on information from active colleagues or the central government representatives (KII, DP3). Noticeably, government has had long term relationships with some donors. This has made personal level contacts possible but this has proved problematic with the harmonisation agenda.

Long term commitment of some donors with the government of Tanzania, and especially the role of personal relationship between individuals made donors trust the government. This has had both positive and negative impacts: positive in terms of long term commitment to development, and negative when it comes to centralised decisions from the government and “explaining later” to donors (KII, DP2).

5.4.4 Local Communities

Aid effectiveness principles, in accordance with the Paris Declaration, aim to empower national governments to deliver development outcomes intended to bring improved social and other services to the people. However, in Tanzania there are unintended consequences which include the government being too far from communities and not directly responsible to them. Because local government authorities have become closer to the people, this makes them responsible to communities. Community members are discouraged by the fact that they do not get direct feedback from the central government. “Whenever the central

government leader is around, usually most of negative things or dysfunctional at the community level are blamed on the local government authority” (KII, LGA3).

Under the new aid modalities the central government is less responsible to communities and poor communities have fewer options to claim rights. This has led to declining community participation in development projects which need community contribution and ownership (KII, LGA12). On top of declining community participation, centralised decision-making and sometimes implementation has resulted in resistance in some cases. For example, in Sombetini (Arusha Municipality) an urban street, community members protested against the opening of the low quality dispensary building. The Local Government minister was met with placards calling for a stop to the exercise because the dispensary in question was built under very low quality standards and an inquiry over fraud was required. As a result of the protest, the minister did not open the dispensary to wait for the inquiry as community members demanded (KII-LGA13).

The new aid modality has been implemented with a multiplicity of other initiatives in the central government systems. In order to promote participatory planning in Decentralization by Devolution (D by D) governance system, the development planning process has to start at the village or street level, and then priorities are sent to the ward level. The Ward Development Committee (WDC) – which includes LGA officials, sector specialists, and elected officials – compiles ward priorities and forwards these to the District Council. The Council forwards these priorities to Prime Minister’s Office Regional Administration and Local Government which gives feedback to the District Council. The District Council then sends the final annual plan and budget to the Treasury. In this long process some priorities from communities get adjusted and/or diluted and community members do not get feedback as to what happened with their priorities. This discourages long term commitment of community members to the central government to solve their problems. The degree of trust in the government and its organs is declining (KII, LGA 12 &13).

School management committees, as a community entry point, have changed greatly under the new aid modality. Membership of the committee is comprised of parents and teachers. It has not been established what the exact number of people an ideal school committee should have. However, in the two research sites, the number varied. Njiro primary school in

Arusha had eleven members: three teachers (all women) including the head teacher who acts as the committee's secretary, seven parents of children studying at this school (two women and five men) and one man from St Mbaaga Catholic Mission which was invited provide a representative to participate in school committee activities. In Kongwa primary school the committee has eight members: two teachers (one man and one woman), five parents (three men and two women) and one representative of a faith-based organisation. It is just by choice that these schools have engaged faith-based organisations in the committee. Although both schools receive assistance from NGOs to help orphaned or extremely poor children, only the Njiro primary school committee has been trained by the local NGO. In terms of school committee composition, Kongwa primary school is somewhat unusual because they invite one guest representative to their meetings. They have been inviting the local ward councillor into their meetings so that he can take their concerns to higher meetings. This is supplementary to formal channels of communication through the head teacher and committee chairperson who are expected to work as upward linkages. While child rights civil society advocates for older children's representation on school committees, this was not occurring in the schools where interviews were done.

There are some issues with regards to running the schools. Funding from both the central government and the local government is quite limited. At the same time, community contributions are declining and are confined to parents only. Another reason for resource constraints comes from the overall delay and subsequent underfunding from the central government. By May, 2010 Njiro primary school in Arusha had received only 50% of the budgeted amount of capitation grant while at Kongwa primary school only 40% of funds had been received. Inquiries at the district Department of Education in Kongwa district showed that there were actually funds for the last quarter of the year to be disbursed to all primary schools before the end of May, but that is only about 10-15% of the annual budget. In Arusha, no more funds for the fiscal year 2009/10 were budgeted for schools. The end of fiscal of year in Tanzania is June 30th so any delay past this date means there is no way that government institutions such as schools will recover the funds. Interviews with head teachers and district education officers for primary education confirmed that this has been the trend for the past three years (KII, LGA 4 & SC2).

Capitation and development grants were established under the Primary Education Development Plan (PEDP I) in 2001. After the abolition of school fees, capitation grants were meant to provide resources for recurrent expenditure calculated at the rate of Tshs 10,000 per child. At the same time development grants were meant to support classrooms and teachers' houses construction; this was also calculated at Tshs 10,000 per child. Communities were required to build the classrooms to lintel level then development grants would be used to complete the building. This was successful after the first three years of Primary Education Development Program (PEDP I) between 2002-2006, which raised enrolment to over 100%. However PEDP II did not work well in terms of resources. In both schools where this research was conducted, Kongwa and Njiro, in the last three years only a small amount of capitation grants were received up to the end of fiscal year. In 2010/11 fiscal year, for example, Njiro primary school has received only Tshs 5,200 per child. Interviews with head teachers and committee members indicate that this amount is inadequate. "Even if they would disburse Tshs 10,000, it is still not enough to run a school" (KII, SC 1). On the contrary, the amount of capitation grants is said to be decreasing each year (KII, SC 2). Likewise there were almost no development grants provided to Njiro and Kongwa primary schools in the last two years despite the fact that they both have classroom building projects. Interviews with the district authorities revealed that development grants to primary schools recently has been very limited and goes only to new schools and the focus now is on ward secondary schools (KII, LGA 3). Kongwa Primary School had a friendship connection with a school in Germany which has assisted building teachers' offices and two classrooms. Parents in both schools used to contribute towards building projects prior to budget support. However they gradually reduced physical and material support after tendering processes started. Interviews revealed that there is a strong feeling that if contractors are engaged under the new arrangement then everything is paid for. This has made community mobilisation work and supervision work by the district difficult (KII, LGA 14). However, in issues that directly benefit children, most parents or guardians will contribute. In both schools there is a parents' voluntary food contribution for children's lunch. In both areas where parents are proved to be too poor to give, local NGOs provide support by directly donating to schools.

Changes to aid modality have contributed to improvement in transparency and accountability. It is difficult to ensure a fully transparent government but “significant improvements have been made the past 10 years” (KII, MoFEA). However, some of the reforms encouraged by donors have affected local actors negatively. Public Private Partnerships (PPP) for instance have brought some benefits to the central government because it does not need to deal with one of its department to provide services but government departments and agencies just manage policy level and the private sector deliver services. PPP has come with disadvantages too; for example, corruption in purchasing and procurement of services (KII, CSO 2). Also it has brought problems to local government officials and communities. For example, contracting all of the public jobs such as construction of classrooms has raised costs and at the same time discouraged local community participation in development projects (KII, LGA 16). As explained above, communities perceive that the contractor has been paid to do all the work so there is no need of community contribution (KII, LGA 12). On the contrary, however, the local government has the mandate to persuade community members to contribute resources – including their labour – as required, for most government or donor funded projects.

5.5 Conclusion

This chapter has explored the changed role of the central government under the new aid modality and its impact on other actors. First and foremost, the central government has become stronger compared to other actors. It is a good sign for country ownership principles under Paris Declaration. However, in the process most other actors such as the local government, civil society organisations, and the private sector have been alienated. Also the central government does not necessarily honour or take on board policy inputs and ideas from other actors. This has contributed to declining CSOs engagement due to fatigue and feelings of tokenistic dialogue. CSOs have dramatically focussed to empower the public directly and through the media about the government accountability and policy issues rather than facing the government directly. At district level, space has not opened up for CSOs’ dialogue; rather civil society organisations are still engaged in service delivery at this level. Local government authorities face limited resources with increased responsibility. In the end, schools, too, receive limited resources making them very difficult to run. Further to

this, due to lack of awareness communities tend to refrain from voluntary participation in development projects involving engagement of the private sector.

This chapter has looked at actors in education policy development. Policy-making processes and subsequent outcomes are explored in the next chapter.

Chapter 6 Processes and Outcomes

6.1 Introduction

Tanzania's budget in the 2010 fiscal year was comprised of 25% foreign aid, which is a remarkable reduction. During the last five years foreign aid in the form of budget support, projects, and basket funding has been nearly 40%. This made the country a favourable spot for countless activities involving local and international, and state and non-state actors. This chapter attempts to address research findings and discussion of processes involved and the subsequent outcomes.

First, the chapter charts how aid processes have established a complexity of dialogue at national level. The aid dialogue structure, involving projects, basket, and budget support separately, is complex and time-consuming. There is strong dialogue and engagement between the Tanzanian Government and development partners but civil society involvement is quickly declining.

Second, the chapter explores the interface between policy-making and implementation. In practice, policy-making is not a problem but inadequate implementation of those policies and strategies is. There is a lack of cohesion between policies and implementation. Third, the chapter discusses non state actors and donors fading expectations of aid effectiveness principles and the subsequent processes. These expectations have yet to be met and scepticism is creeping in.

Fourth, this chapter sheds light on the outcomes of decentralisation in the aid arena. There is increased centralisation in practice in the name of Decentralisation by Devolution. The fifth aspect addressed in this chapter is transparency and accountability. Accountability and transparency is more than posting financial figures on public notice boards. Sixth, there is a considerable decline of community involvement in local development initiatives. This chapter explains reasons and the subsequent results on development activities in education sector.

Seventh, this chapter outlines aid modality effectiveness. There is a mixed perception of which aid modality is more effective. Eighth, confrontation and compromise encountered in decision-making and implementation between central government representatives locally, local councillors and local government staff are explored in this chapter. Finally the chapter

compiles analytical perceptions of research participants on aid exit strategy as pursued by the central government to end aid dependency in future.

6.2 Aid processes and complexity of dialogue at national Level

The first few years after renewed relationships between the Government of Tanzania and its aid donors the focus turned to coordination, harmonisation, and nurturing country ownership. Basically, this was the intention of the change in aid modality from Project support to budget support. There is increased engagement between the Government of Tanzania, Development Partners, and Civil Society Organisations in policy-making processes. Other actors in the picture are Local Government Authorities, Legislators (Parliamentarians and Councillors), private sector, the media, and local communities.

Policy processes are centred on the national development strategy regardless of aid modality. The national development strategy is the Poverty Reduction Strategy Paper over a particular period, usually five years. The second generation Poverty Reduction Strategy Paper (2005-2010) has been renamed in Tanzania as National Strategy for Growth and Reduction of Poverty (NSGRP), or its Kiswahili version which is mainly used in all dialogues: *Mkakati wa Kukuza Uchumi na Kupunguza Umasikini Tanzania (MKUKUTA)*. The number of events, meetings and linkages will probably decrease, but in the current set up interviewees confirmed that it is complicated to conduct high quality discussions, dialogue, and implementation (KII, DP1 & KII, MoFEA). All these activities rob the local actors, and the government, of opportunities to own the processes.

Aid in Tanzania operates on various levels and uses various platforms. There is a high level Joint Coordinating Group (JCG). The coordinating group is intended to ensure the highest level of dialogue in coordination of development assistance, policy discussions, harmonisation, and alignment of donors' programmes, projects, and budget support to finance the implementation of national development strategies. The JCG is comprised of high level leaders such as Permanent Secretaries and donors' Heads of Cooperation including heads of bilateral organisations.

In practice, Joint Coordinating Group uses an informal forum, the Development Cooperation Forum (DCF), for the purpose of dialogue. DCF consists of high level Government of

Tanzania and donor representatives. DCF is chaired by the Government of Tanzania's Chief Secretary and attended by selected donors at Ambassador or head of multilateral organisations level.

In special circumstances in these high level meetings the Government of Tanzania representation include some ministers. The Government representatives are the initiators and leaders of the dialogue. On rare occasions CSOs participate in high level meetings as spectators. CSOs expect invitation although there is no Government obligation to invite them. High level meetings are for strategic policy direction. These meetings open space for strategic debate, consultation, and policy advice on national development strategies such as National Strategy for Growth and Reduction of Poverty (NSGRP), Joint Assistance Strategy (JAST), cross-cutting issues, key policy reforms, and aid exit strategy. One of the key outcomes of these meetings is the advice given on high-level political decisions. DCF feeds into JAST processes for effective linkages. Meetings at the DCF level are few: at most, two formal meetings per year, including the annual review. DCF's unplanned meetings on top of these are many. However, coordination among donors is frequent: for instance, about 11 high level Development Partners Group meetings of deputy heads of missions and technical advisors are held per year to coordinate donors' activities before meeting with the government.

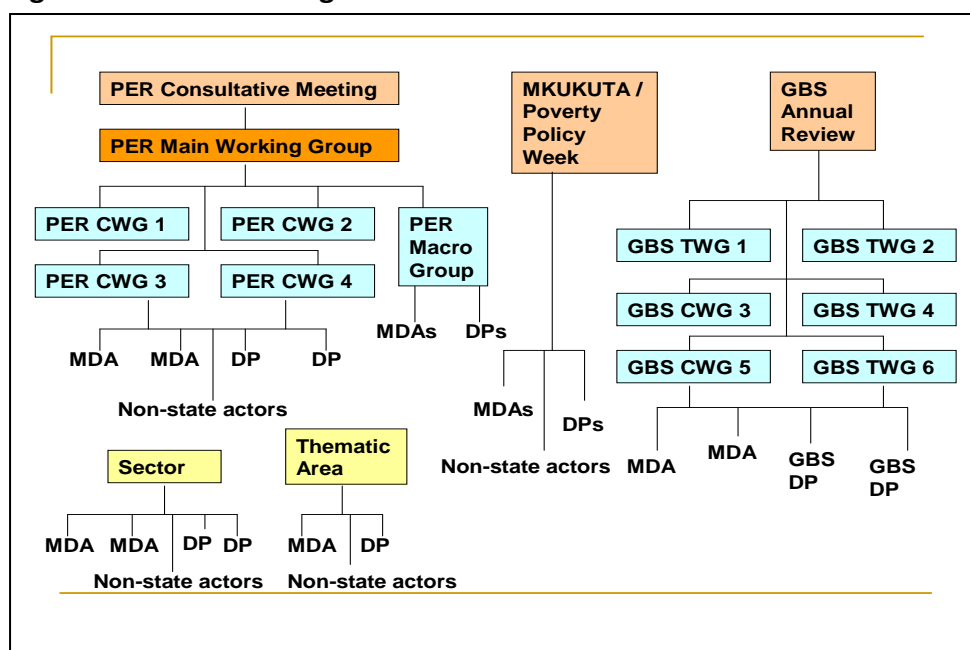
Development Partners Group (DPG) is a working arm of all donors. This group is meant to replace local Development Assistance Committee (DAC). DPG is inclusive of DAC and non-DAC donors and is designed to embrace harmonisation according to the Paris Declaration as well as to engage effectively with the now supposedly unified Government of Tanzania under JAST. Donors providing general budget support are linked to Joint Coordinating Forum and, in practice, they have Working Groups connected at Public Expenditure Reviews (PERs). Direct GBS is the Government of Tanzania's most preferred method of aid delivery, followed by basket funding when appropriate. However, because a substantial amount of aid is still comprised of project and basket funding, and although GBS group is linked to DPG at a high level, there are, in practice, still separate meetings and dialogue between the Government and GBS donors and the Government and other donors in DPG. A new structure has been proposed which will include all DPG donors into mainstream dialogue with GBS.

Dialogue in the context of aid coordination is quite complex but overall coordination on the side of donors' lies with Development Partners Group (DPG). Interviewees in this research agreed that there has been considerable increase in transaction costs including number of aid-related events. Some participants were hoping for a decline in the number of these events in the near future when most of aid is to be channelled through either basket funding using Sector Wide Approaches (SWAs) or budget support; currently however, activities to set up structures have increased (KII, DP 1). Meetings, reports, missions, and other donor-donor or donor-recipient or intra-recipient events are termed as transaction costs (TCs). Efforts to research and quantify these events in the Tanzanian context have proved difficult (Dyer, 2005, p. 7). However, suggestions were made to focus on what sort of transaction costs might be measured such as the number of reports, missions, meetings, legal instruments, audit requirements, and staff. Overall, it is regarded as valid to treat these transaction costs as part of the whole spectrum of donor-recipient activities to achieve aid objectives (Dyer, 2005).

Donor-donor coordination of activities and events within DGP and the budget support group and between all donors and the government are still quite many. The government of Tanzania had asked donors for a quiet period during budget preparation where no donor mission, review, and meeting is allowed. Despite having "quiet period" increased donors activities are exhaustive to government staff (KII, DP 1 & KII, MoFEA). In a letter dated 8th April 2010, the Permanent Secretary in the Ministry of Finance and Economic Affairs reminded donors of the "quiet period" they agreed with the government. The letter provided specific dates for the quiet period between 1st April and 30th August 2010 to be observed except for activities that have been programmed during the period (MoFEA, 2010) (see appendix 4). In future, the numbers of these events are expected to decrease as systems put in place begin to stabilise.

Formal meetings are supposed to follow the overall aid "dialogue" structure in the country as shown by figure 6.1.

Figure 6.1 Current dialogue structure



Source: DPG Report On Tanzania Proposed PER/MKUKUTA Dialogue Structure (2010)

The Government of Tanzania, donors, and other local actors aspire for effective, high quality and regular dialogue to achieve national development, growth, and poverty reduction goals (URT, 2006). There are many processes such as Public Expenditure Reviews (PERs), National Strategy for Growth and Reduction of Poverty, and General Budget Support. These meetings often have overlapping agendas and schedules, also multiple and overlapping membership with weak inter-linkages and unclear selection criteria. Having too many events and reporting has been highlighted in JAST review report. It was noted that having a multitude of events has led to high transaction costs as well as insufficient quality and ineffective dialogue arrangements and their expected outputs (URT, 2006). For instance, as shown in figure 6.1, donors and government ministries and agencies (MDAs) meet and engage in sector dialogue and they are direct members in PER Cluster Working Groups (CWGs). MDAs represent their own ministries rather than the sector at cluster level. Structures for national dialogue are in place throughout the year for the PER process, but are missing for NSGRP/MKUKUTA process in terms of policy dialogue on NSGRP/MKUKUTA implementation. Study participants disclosed that the only multi-stakeholder forum for this purpose is the MKUKUTA Annual Review/Poverty Policy Week (KII, CSO 1).

Non-state actors (CSOs) are represented at the annual poverty review week by one member chosen by their sector umbrella organisation. CSOs participate in thematic, sector, and PER CWGs. They also participate in NSGRP/MKUKUTA Annual Review or Poverty Policy week. However, they do not participate in PER Macro group dialogue, or in GBS Technical Working Groups (TWGs) and GBS CWGs.

The GBS donors group faces the same problem as government ministries and agencies of multiple representations in more or less similar meetings. Donors committed to contributing towards national development strategy, a third generation PRSP (MKUKUTA), have their own set of Cluster Working Groups and Technical Working Groups. A troika plus model is employed in this context. These meetings are between the Government and GBS donors known as Poverty Reduction through Budget Support group (PRBS). In theory, the Government-approved dialogue structure, GBS, is supposed to be an integral part of the dialogue with Public Expenditure Reviews and NSGRP/MKUKUTA to the Development Partners Group (DPG) overall structure. However, in practice GBS donors occupy much of the dialogue at cluster level (KII, DP3). “GBS Donors (14 donors) are sort of part of DPG group, but not very much because it requires certain actions in engagement with the government in which other donors in DGP cannot be part of” (KII, DP2). In the troika plus model the General Budget Support Donors Group works in such a way that in every sector there are three donors working together with one lead, deputy lead, and an active member. The World Bank is a permanent member in the troika model. The current (2010) Chair of the PRBS troika plus donors is Norway, Denmark is Outgoing Chair and the EU Delegation is Incoming Chair.

The dialogue structure makes engagement complicated and tiresome for regular members: it is no wonder that it has been difficult for donors, the government, and non-state actors to meet regularly (KII, DP 1). Efforts have been made for both donors and the government to come up with a more simplified dialogue structure which would facilitate the high quality dialogue and efficient implementation every stakeholder longs for. Interestingly, there is a newly proposed dialogue structure, especially after the JAST review study in 2011, which will definitely pave the way for JAST II for another phase. Figure 6.2 is the proposed new dialogue structure. In this structure, DPG donors’ work is going to adopt the format of PRBS donors. In practice, they will continue to fund sectors or projects in sectors, but under the

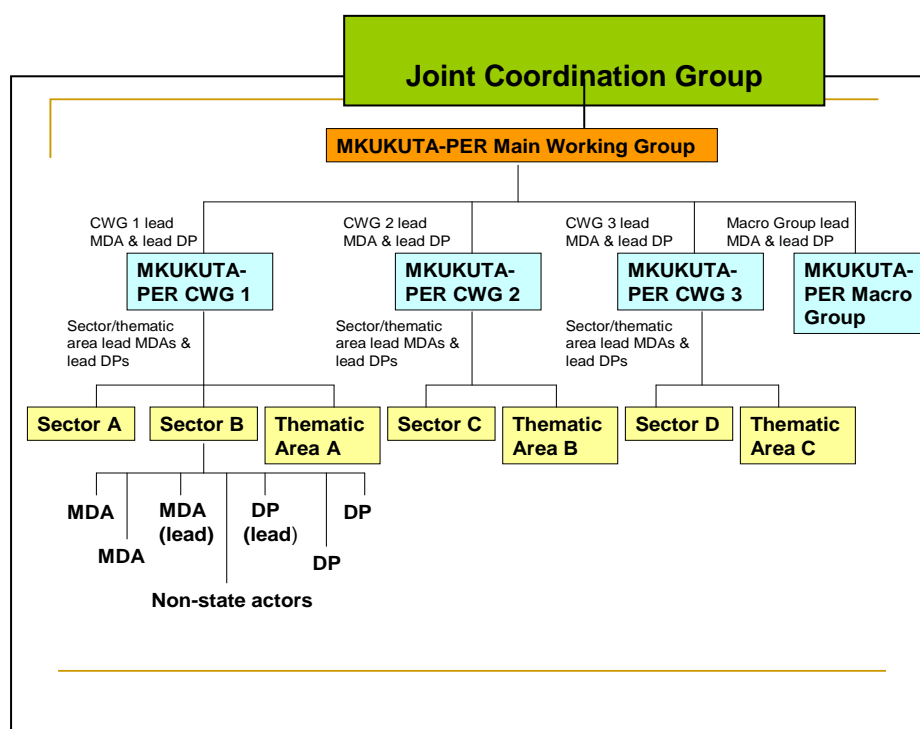
big picture of the whole budget in light of NSGRP (MKUKUTA) Public Expenditure Review targets. Within this arrangement the Development Partner Group (DPG) must somehow start to focus on outcomes rather than outputs as at present. However, in terms of the structure, PRBS donors will be integrated into DPG, with Joint Coordination Group (JCG) as the strategic leaders. The proposed new dialogue structure is meant to address challenges of the current structure including reduce overlapping of roles and meetings. It is also expected to minimise the current complexity.

The proposed structure has the following functions (DPG, 2010):

- (i) Dialogue structure integrates, to the greatest extent possible, all existing processes (MKUKUTA, PER, JAST and GBS) thus combining dialogue on policy and budgetary/expenditure issues, in order to reduce overlaps and transaction costs.
- (ii) Dialogue structure has four levels:
 - a) Sectors/thematic areas where MDAs (and active DPs) are direct members; and distinction is made between internal Government dialogue and dialogue between the Government, donors, and non-state actors
 - b) Four Cluster Working Groups (CWGs), namely three CWGs corresponding to the three MKUKUTA I clusters: (1) Growth and Income Poverty Reduction, (2) Improvement of Quality of Life and Social Well-Being, and (3) Governance and Accountability, where sectors/thematic areas are represented, as well as a MKUKUTA-PER Macro Group;
 - c) The MKUKUTA-PER Main Working Group where CWGs and the MKUKUTA-PER Macro Group are represented. The change of name from the previous PER Main Working Group to MKUKUTA-PER Main Working Group reflects the broadening of the dialogue agenda to include MKUKUTA and related policy issues

- d) A Joint Government-donors Coordination Group (JCG), the highest level coordination structure drawing membership from Permanent Secretaries and Heads of Development Cooperation, and serving as a forum for dialogue in the coordination of development assistance, the harmonisation and alignment of Development Partners' programmes, projects, and budget support in support of the implementation of MKUKUTA.
- (iii) Sectors/thematic areas and CWGs have a lead and deputy lead ministry (MDA) and a lead DP, which represent other members in dialogue at the next higher level:
 - a) The sector/thematic area lead and deputy lead MDA – together with the lead DP – represent the sector/thematic area at cluster level, but can still be accompanied by sector experts if need arises; and
 - b) The Cluster Working Group lead and deputy lead ministry (MDA) – together with the cluster lead donor – represent the CWG in the MKUKUTA-PER Main Working Group, but may be accompanied by technical experts from sectors/clusters if the need arises.
- (iv) Annual Review consultative meetings will take place at sector/thematic area and national (MKUKUTA-PER) levels.

Figure 6.2 Proposed new dialogue structure



Source: DPG Report On Tanzania Proposed PER/MKUKUTA Dialogue Structure (2010)

The proposed new structure puts the Poverty Reduction Strategy at the centre of policy dialogue.

6.3 Rhetoric is not equal to reality: the problem lies with policy implementation

“Policy-making and planning is excellent; the problem is implementation” (KII, MoFEA)

Tanzania has had a good policy-making track record since independence, partly due to the influence of post-independence charismatic leader Mwalimu Julius Nyerere. Also, the African variant of socialism (*ujamaa*) adopted in the early years after independence emphasised central planning. The three-year and, later, five-year plans instituted by the aid agencies prior to independence and shortly afterwards had influenced the planning culture. However, a noticeable discrepancy existed between the policy-making culture and implementation. Interviewees perceived this as a major problem in development policy-making. “We have come a long way in implementing development strategies – which is good progress – but still there is weak linkage between decision-makers and implementers”

(KII, MoFEA). The disparity between policy-making and implementation was attributed to a number of factors. First, there is little coherence between institutions which are supposed to be working together towards implementing broad policy goals. An interview with the Government's policy staff revealed that "there is almost no coherence between policy planning and implementation. It is like everybody is doing something different, sometimes with the same people" (KII, MOEVT). Despite having MKUKUTA in place, almost every ministry and agency (MDAs) is undertaking their priorities in a different way from the agreed broad cluster strategies. Lack of cohesion between MDAs is the core reason for poor implementation. However, there is also lack of cohesion within MDAs and weak linkage between ministries and local governments. Structures to support unified government are slowly building up. The lack of cohesion is probably the outcome of attitude of the past and stakeholders being preoccupied with their own institutional matters and targets as the overall goal instead of the broad government agenda and issues. One donor commented that "what is lacking is strong leadership to carry out things beyond rhetoric" (KII, DP 2).

Another reason attributed to poor implementation is that there is too much talk and little action. Meetings, events, and strategies are becoming too much. "People should talk less and do more really, it is hurting" (KII, MoFEA). In the education sector, for instance, there are plans to improve the quality of basic education with details of financing new infrastructure such as classrooms and teachers' houses. However, all these are weakly linked to implementation. Furthermore, interviews revealed that there is too much going on and little progress in reality (KII, MoFEA). There are many reforms going on at the same time – for example, Education Sector Reforms, Local Government Reform Program, Legal Sector Reform Program, and many other reforms. Another perspective points to the benefits government employees get to attend endless meetings. The informant said "There is virtually small progress in implementation, government staff go to these meetings for allowances and free lunches. The system is in bad shape; so sad, it is killing the country. It has been part of the system for so long in such a way people do not know how to survive. We need a bold person at the Ministry of Finance and Economic Affairs to raise staff salaries and cut down allowances" (KII, DP1).

Another crucial factor which holds back implementation of well made and planned policies is delay in resource disbursement. Delay in disbursement of funds occurs in three different

areas. Partly funds are delayed from donors due to cumbersome procedures and conditions. Also, to some degree delays are due to different budget cycles between donors' home countries and Tanzania. An example given is that the UK's budget cycle commences in April while Tanzania's budget commences in July (KII, MoFEA). Donors, on the other hand, thought different budget cycles was a small problem and attributed the problem of aid funds delay to the Tanzania Government. Donors pointed to the example of the 2010/11 budget where the Government was supposed to present PER budget reports with attached Performance Assessment Framework (PAF) indicators early in January; however, the reports came at the end of March (2010). PAF indicators are jointly assessed by both the Government and GBS donors; however, the process is owned by the Government. In PAF assessments review non-state actors are excluded. "Unfortunately we had to reduce aid in the main budget in fiscal year 2010/11 by 200 billion Tanzanian shillings because of delayed and poor Performance Assessment Framework results" (KII, DP1). The Government's exchequer system was also blamed for delay, because even the Government's own resources, accounting for over 60% of the budget, are disbursed late. "Tanzania inherited the colonial accounting system which takes a lot of time to release its own treasury funds to implementing institutions" (KII, DP3).

At primary school level, this delay in funding has occurred for the last three years. It is probably contributed to by reasons already explained on the part of the Government and donors; but it could be more between the government and local government authorities, then local government authorities and schools. Evidence from the two schools that participated in this study showed that in the fiscal year 2009/10, schools received only 50% of the capitation grants funds to run schools. However, the Government continued to pay teachers' salaries without delays.

6.4 Changing expectations in Tanzania in relation to aid effectiveness

The Helleiner Report (Helleiner, et al., 1995) put Tanzania in the forefront of aid effectiveness processes. The report recommended increased government ownership of key project/programme documents, budget, and implementation as well as the formulation of a national development vision including sector development strategies which were lacking. It

was recommended that donors act coherently in order to avoid overwhelming the Government and to reduce transaction costs on both sides. The Helleiner Report (Helleiner, et al., 1995) pioneered early efforts of harmonisation and ownership for aid effectiveness. It was after this time that dialogue on development cooperation between the Government and donors increased.

The major outcome of the government-donors revitalised dialogue was the formulation of Tanzania Assistance Strategy (TAS). Processes to formulate TAS started in 1998/99 and it was finalised in 2002 following many sessions of dialogue and refinement (AFRODAD, 2007, p. 12). TAS was published by the Government of Tanzania. Another outcome of the Helleiner Report was the Government's formulation of National Poverty Eradication Strategy (NPES) in 1997 and Tanzania Development Vision 2025 in 1998. Both documents were formed via wide consultation. NPES was the national poverty eradication strategy ending year 2010, while Development Vision 2025 was a national economic and social vision to be achieved by year 2025. At the same time, processes were under way for Tanzania to qualify for soft loans in IMF's Highly Indebted Poor Countries initiative (HIPC). In this process Tanzania, under the guidance of its donors – especially multilaterals, prepared the first Poverty Reduction Paper. Then, towards the end of PRSP preparation, CSOs were involved.

PRSP I is said to have incorporated major components of Development Vision 2025 (1998), National Poverty Eradication Strategy (NPES 1997) and the Tanzania Assistance Strategy. These strategies and documents became the foundation of PRSP I (Evans & Ngalwea, 2003, p. 276). PRSP I is criticised by some as being elitist and ignoring local initiatives (Gould & Ojanen, 2003, p. 52). Apart from the PRSP, the outcomes of Helleiner Report, it seems, started action from both the Government and donors.

Tanzania Assistance Strategy provided the three year framework for strengthening donor coordination, harmonization, partnerships, and national ownership in development process. At the end of TAS in 2006, Joint Assistance Strategy for Tanzania (JAST) was published by the Government. Global aid effectiveness processes were interwoven with Tanzanian ones such as TAS (1998/99-2002), the Monterrey Consensus on Financing and Development (2002), the Rome Declaration on Aid Harmonisation (2003), the Marrakech Memorandum on Managing for Results (2004), and the Paris Declaration on Aid Effectiveness (2005). Accra

Agenda for Action (2008), which recognised the role of non-state actors, especially increased dialogue with CSOs. Joint Assistance Strategy in Tanzania is ending in June 2011 and a follow up strategy is considered.

The establishment and good progress of Joint Assistance Strategy in Tanzania (JAST) has been a local success story of the Paris Declaration on aid effectiveness. However JAST might have been more effective at raising local and international development expectations than delivering concrete results. Interviews with relevant stakeholders among both donors and the Government revealed acknowledgement of JAST's success to bring the two camps together harmoniously and realising development outputs and outcomes. However, there are still issues not yet resolved related to the Paris Declaration and JAST in the local context.

There is a lot of work on harmonisation occurring among donors; for instance, the recent agreement on division of labour. Donors have agreed to limit their sector involvement and instead work through their representatives, namely DP leads and deputy leads in a particular sector. Likewise, Ministries and agencies have division of labour in sectors and thematic groups under broader MKUKUTA. In the education sector, for instance, there are eight MDAs representing the Government. These are:

- Prime Minister's Office (**Leader**)
- Ministry of Education and Vocational Training (**Deputy Leader**)
- Prime Minister's Office – Regional Administration and Local Government
- Ministry of Community Development, Gender and Children
- Ministry of Labour, Employment and Youth Development
- Ministry of Information, Culture and Sports
- Ministry of Health and Social Welfare
- Ministry of Communication, Science and Technology

The Prime Minister's Office is the leader in all education sector TWG dialogue, with MOEVT as the Deputy Leader. In practice, Ministry of Education (MOEVT) as the deputy lead, is doing most of planning and dialogue in the education sector Technical Working Group. Education Sector Development Committee (Cluster Working Group) is composed of Directors from the Ministry of Education (MOEVT) and occasionally a Permanent Secretary

at high level meetings. Under this committee, there are four technical working groups (TWGs) with membership from MOEVT, donors, and CSOs. These TWGs are for Quality, Budget, Cross-cutting issues, and Monitoring and Evaluation. TWGs meet four times per year on policy and planning related activities, but monthly on implementation activities which involve Lead or Deputy Lead DPs and, if invited, CSOs and/or private sector. At one time these monthly meetings were held on the last Thursday of the month, but later things changed. The meetings were no longer held regularly and not all stakeholders participated, but mainly MOEVT or MDAs representatives and donors. While the Government's representation is assuredly permanent for now, donors' division of labour in the dialogue structure – with the exception of the World Bank – is changing almost every two years. This may be due to different resource commitments donors make in the long term. Also, it is part of the harmonisation agreement that DPs lead will stay on for three years. Donors that were in the dialogue structure in 2010 included UK-British Council (Lead), Canada-CIDA (Deputy Lead), and Sweden-SIDA (Outgoing Lead). Active DPs included the World Bank (permanent member), UNESCO (active), and UNICEF (active). There are also delegating members: African Development Bank-AfDB (delegating), European Union-EU (delegating), France (delegating), Japan (delegating), US-MCC (delegating), and WFP (delegating). A group of Poverty Reduction through Budget Support (PRBS) DPs work on a troika plus model on top of their roles in DPG. In the education sector, the troika is represented by DFID, SIDA, and CIDA. Active members are the World Bank, UNICEF, and UNESCO. France, Switzerland, and ILO are less active.

Despite the establishment of these dialogue structures the enthusiasm they initially generated towards harmonisation and aid effectiveness is gradually declining. Although still there is some optimism: As one DP commented, “the momentum once seen has probably changed a bit now” (KII, DP2).

Improved aid structure processes and realignment raised both donors and the government expectations to deliver. Non-State actors were sceptical in the beginning but later joined in the dialogue and increased expectations too. Improved aid delivery and its subsequent processes called for tangible outputs and outcomes. CSOs feel it will be hard to convince people that something good can come out of this. Research participants identified and

commented on expectations, success stories, and issues related to how changing aid modality impacted them in terms of the principles of The Paris Declaration.

Ownership

The Helleiner Report in 1995 noted a lack of ownership on the part of the Government of Tanzania. Also, the government was tired of pursuing donor-driven policies and projects (Helleiner, et al., 1995). The Paris Declaration calls for country ownership via Government leadership, especially in dialogue and practice, across a range of actors such as the Government and non-state actors. In the wake of the Paris Declaration, efforts by both donors and the Government increased the sense of ownership by the national government. According to interviews, the third phase Government in Tanzania (1995-2005) demonstrated considerable leadership and ownership especially by preparing the national development vision and subsequent strategy as advised by the Helleiner Report (KII, DP 2).

The Government's early efforts exercised leadership and to some degree shared "country ownership" with other actors especially in consultation about establishing key national development strategies. There is a feeling from some actors, however, such as civil society, of being pushed out politely in sensitive matters under the guise of ownership (KII, CSO 1). This indicates confusion about the relationship and distinction between government leadership and country ownership. Government leadership should not be taken as country ownership which is broader and involves civil society and the private sector.

Admittedly central government ownership (not country ownership) has been quite strong for some time. However, the trend is now shifting – as one DP said: "the government is back on the driving seat of the bus, but donors are demanding passengers who give confusing orders such as 'go left', 'go right' at the same time which confuses the driver" (KII, DP 3). At the same time it was claimed that, due to long experience of donor dependency, the Government is using this experience to play donors to its advantage. "The Government is very clever and eloquent in dealing with donors – because of many years of being a donor darling high flier they can easily talk to any foreign agency headquarters and change things locally" (KII, DP3). The Government has adopted vigorously pro-active diplomacy using ambassadors in donor home countries to influence matters. This is affecting coordination among donors hence sometimes giving the Government an upper hand in negotiations.

In the spirit of exercising government leadership, the Government of Tanzania demarcated a particular time of the year known as a “quiet period”. In this budget preparation period no donor mission is allowed to interact with Government officials at Ministerial or Departmental level. However, this action is said to be annoying donors because of unavailability of public officials (KII, DP3).

At district level, there is no non-state actors’ involvement in full council discussion basically because there is no legal provision. However, civil society can contribute ideas to their sectors of interest at district sector planning meetings before district full council meetings. Civil society organisations are supposed to bring their plans to the sector meetings at district level (KII, CSO3). In district full council meetings civil society are just spectators like the general public. In these meetings it is the councillors who debate the district plans and budget as presented by the heads of departments.

Ownership can be said to be partially achieved. There is a lot to work on to improve especially to involve non state actors and district councils. Also it is important for donors to avoid helping the government to lead.

Harmonisation

There has been progress towards harmonisation among donors in Tanzania with different DPs working together now. However, there are still some pertinent issues with regards to alignment and coordination issues. Noticeably, aid dialogue in Tanzania is quite complicated with Development Partners Group (most donors) and PRBS donors’ intra DPs meetings. This is exhaustive and sometimes confusing. As it was noted “we try to align and coordinate between DPG and GBS groups, but it is not always possible” (KII, DP2). Some donors’ projects still use their individual funding procedures and systems making cooperation with other donors difficult and even harder for the Government.

Donor harmonisation was expected to increase aid predictability. However, predictability is still a problem. Also, there is always the threat of what will happen to the budget if one or two of the major donors withdraw their assistance. For instance, as indicated by table 6.1, in fiscal year 2008/09 DFID contributed 25.46% and the World Bank 23.25% of the overall

GBS respectively. Nearly half of the funds in budget support still come from these two donors. This situation poses a predictability problem and a potential risk to the running the government if one of these two major donors were to pull out of budget support.

Table 6.1 Planned contributions of GBS for fiscal year 2008/09

GBS Partner	Amount in billion Tshs	Percentage of total GBS
AfDB	110.1	12.87
Canada	-	0
Denmark	23.9	2.79
DFID (UK)	217.9	25.46
EC/EU	50.9	5.89
Finland	23.6	2.76
World Bank	199.0	23.25
Ireland	23.4	2.73
Japan	25.6	3.0
Germany	13.9	1.62
Netherlands	47.2	5.52
Norway	47.5	5.54
Switzerland	6.8	0.79
Sweden	66.7	7.79
Total	856.0	100

Source: The United Republic of Tanzania (2008)

Alignment

Progress towards the alignment principle of the Paris Declaration in Tanzania is mixed. Donors were expected to align their financial systems and procedures to the recipient country's systems. In light of Poverty Reduction through Budget Support (PRBS), donor alignment has occurred to a great extent. However, in sector and basket funding (which is the main donor funding) progress towards alignment is slow. Interviews showed that at local government level, in particular, a significant number of different types of reports need to be prepared in accordance to donor specifications. Table 6.2 shows the distribution of amounts of funds coming to local government authorities from various sources. Arusha Municipal Council had large proportion of own contribution at 17.3% of the total LGA budget compared to Kongwa at 1.25%. Due to its population size and businesses that pay service levies, there are comparatively more sources of revenue in Arusha urban than in Kongwa which has a smaller population and farming based economy. Central government contribution is about the same in the two LGAs with 59.7% in Arusha and 61.36% in Kongwa. Most of the central government contribution is used to pay salaries (personnel emoluments) – for instance, in Kongwa over 53% is salaries. Donors contribute 22.7% in Arusha and 21.9% in Kongwa. Nearly 20 donors are making contributions to the two councils: LGAs are then required to submit reports to each donor, many of which have different reporting procedures. Some of these projects combine donor reporting procedures with government systems which make things even more difficult (KII, LGA8). Also, LGAs have to account for the own contribution.

Community contributions are proportionally much higher in Kongwa (15.49%) than in Arusha (0.2%). In both cases, community contributions have declined sharply over the last five years (2005-2010). Interviews revealed that communities are now more aware of their rights so voluntary contribution is hard to enforce (KII, LGA 6).

Table 6.2 LGAs sources of revenue

LGA	Own source %	Central Government %	DPs %	Community Contribution %	Total %
Arusha (AMC)	17.3	59.7	22.7	0.2	100
Kongwa	1.25	61.36	21.9	15.49	100

Source: Field Work Arusha and Kongwa (2010).

There is substantial improvement in using the government financial management systems and procedures. GBS funding uses the government financial procedures and systems however not all of the project and basket funding are using national procedures. GBS comprised about 38% of all assistance in fiscal year 2009/10, while project support accounted for 18% and basket funding 44%. There are still alignment issues to be resolved. The Government of Tanzania is advocating the use of GBS to enhance predictability and reduce transaction costs. The trend shows that project support and basket funding have not declined the past five years. This shows that of the Paris Declaration principles, alignment is way behind at local level. Interviews revealed that there are two main reasons for this: first, alignment is something that depends on the quality of country ownership and harmonisation. Second, most donors still do not trust the local systems in place (KII, DP 1). This might have increased transaction costs in reality instead of cutting them down.

Managing for Results

The Government and donors have made great efforts towards managing for results in Tanzania. Budget support places more emphasis on outcomes and results. PRBS donors had easy ways of monitoring results via national development strategy or sector development strategy, for example, PEDP. While this serves the long-term purpose of the Government to manage for results, on the other hand it complicates matters for implementing staff who are supposed to report outputs and results to donors and government stakeholders. This is especially complicated where there is a lack of cohesion at Ministerial level. Budget support has introduced close to 100 specialists from the 14 donors into the Government Departments to monitor and manage over 100 indicators. "It is like the government has

invited strangers into the bathroom or kitchen” (KII, DP3). This implies that putting too much emphasis on one principle has the potential to undermine progress in another. As donors try to manage results without the Government, they compromise ownership and government leadership.

Mutual Accountability

The Government of Tanzania and its development partners are striving to enhance mutual accountability and transparency. Public Expenditure Annual and Midterm Reviews provide a benchmark on what sort of things need to be strengthened. Mutual accountability means that when things go wrong either side has evidence and a basis on which to challenge or agree with the other party. Mutual accountability also allows legislators to watch over the Government and ensure there are checks and balances. For the first time since independence the Parliament in Tanzania has moved closer to transparency (KII, CSO1). The legislators in the past five years have raised and deliberated very critical issues with the government.

There has been changing expectations on aid effectiveness in Tanzania. Outcomes of the Helleiner report and the Paris Declaration principles were taken positively by the government and donors. This perspective raised expectations of the government, donors, and non state actors. However nearly ten years later improvements in building trust that was gained is now gradually eroding.

6.5 Effects of Decentralization by Devolution

Decentralisation policies have evolved since independence. The government of Tanzania after independence started decentralisation by abolishing local chiefs appointed by the colonial government. The abolished local chiefs were replaced by Regions and Districts with staff appointed by the President or Public Service Commission. The first focus of decentralisation was on democratisation in which direct elections by the people was adopted for District Councils in 1962 (PORALG, 2005, p. 4). The Arusha Declaration in 1967 which instituted an African variant of socialism, *ujamaa*, was a major policy initiative to

decentralise. Regions had substantial authority with districts as their administrative extensions. The village was made the centre of democracy where the Village Chairperson and the Village Council were elected by the people. *Ujamaa* emphasised Self-Reliance in self-administered villages.

The local government system at district level did not deliver as expected and in 1972, it was abolished in favour of a centralised government system. Line ministries (MDAs) were assigned with responsibility to deliver basic services, such as primary education, at the local level. This was known as de-concentration (PORALG, 2005, p. 5).

The United Republic of Tanzania Constitution in 1977 reemphasised decentralisation. District Councils were reinstituted in 1982 by the Local Government Act which formed Local Government Authorities (LGAs). The constitutional amendments of 1985 stated the central position of LGAs.

The Government of Tanzania with support of DPs is implementing a number of reforms. One of these reforms is the Local Government Reform Program (LGRP) which fosters Decentralization by Devolution. Established in 1996, the Local Government Reform Agenda is said to be one the big steps towards decentralisation (JICA, 2008, p. 54). This agenda was translated into government policy documents in 1998. It was the Policy Paper on Local Government Reform that went further to describe the policy as Decentralisation by Devolution (D by D). D by D is meant to devolve political, financial, and administrative powers to local authorities. D by D gives LGAs autonomy in these three areas. Administratively LGAs are accountable to the Prime Minister's Office Local Governance and Regional Administration (PMO-RALG). Since 2000, D by D and LGRP have started to operate. In this new setting, the role of Regions was reduced to advisory and supervision.

D by D is the latest initiative to bring development and decision-making closer to people. D by D, in line with basic education sector, is meant to give communities independence over decisions on primary schools. This includes finances and plans. The school management committee is the primary hub to make decisions and implement initiatives at school and village level.

In practice, D by D has had a positive impact on LGAs. Interviews revealed that D by D has improved the quality of discussion at the council level when councillors dialogue to come up with concrete district plans (KII, LGA 3). It also helps councillors and district staff implement and monitor activities from an informed perspective. D by D has increased accountability and to some extent transparency among beneficiaries. Budgets and grant information are pasted on district notice boards, also at village and school notice boards for the public to see.

However, there are challenges that D by D has not addressed at district level. Decentralisation has not devolved adequate fiscal authority to local governments. Interviewees at district level pointed out that most of the funds received at district level (nearly 90%) from the treasury are tied within budget items and their use is restricted in these areas. However, all the plans are discussed and compiled from villages at the district level. This makes bottom-up planning a problem because top-down budget guidelines don't match with what was planned. "It is really hard to communicate with communities here when their most important planned activity does not fit in budget guidelines we have received from the treasury" (KII, LGA2).

In terms of administrative authority, D by D has given school management committees a mandate to prioritise and implement school activities. However, in primary schools, for instance, it was learned that both capitation and development grants are tied budget items from the top so have to be used in accordance with plans. For instance, capitation grants use in Arusha and Kongwa schools was found to be as outlined in table 6.3. School committee have no mandate to use funds outside this plan. This contradicts the fact that school committees – essentially an extension of communities – are supposed to be independent in decision-making, budgeting/expenditure, and implementation. Most of the 11 members are community members, especially parents of children attending the particular school, village government representatives, and faith-based organisations. The planning cycle through the village government is quite inclusive. "Parents can say what they want for the children at school" (KII, SC3). But this freedom is limited by rigid guidelines from above. According to head teachers of the schools, the system of top-down budget guidelines makes local involvement irrelevant, just a waste of people's time in bottom-up planning processes (KII, SC1 & SC2)

Table 6.3 Capitation grants use

Budget item	% Allocated
Books	40%
Stationery-chalks, exercise books, pencils	20%
Buildings maintenance	20%
Internal examinations/assessments	10%
Administration	10%

Source: Njiro and Kongwa Primary school's notice boards.

When top-down guidelines are tied in budgets it makes actual spending at school level inflexible. It was learned however that school committees sometimes decide to use these funds for needs that are not outlined under capitation grants budget guidelines from the central government. "Sometimes we save a particular amount for two school terms in order to spend on something our school really needs which is not in capitation grants budget guidelines" (KII, SC1). These savings appear in record books as repeated payments of goods.

Another trick used by schools and school committee is to inflate numbers of children by enrolling "ghost" children. This helps the school to get extra capitation grants because it is calculated per child. It was noted in one school "although we don't do it here, but other schools illegally enrol extra names of children who are not there to increase the amount of capitation grants as a way of meeting school's needs" (KII, SC1). Both primary school teachers called for change in the way capitation grants are managed. "The need should come first and not numbers of children, if you have few children you are at a disadvantage" (KII, SC1). This is just one example of how centralised budgetary guidelines overshadow local initiatives and bottom-up planning. Although there is a significant improvement in administrative and fiscal decentralisation on paper, in practice very little is done at local level.

Understandably, when fiscal decentralisation is fully adopted the local government is expected to have its own revenue sources. However, there are quite few sources from which local governments can collect revenue. These sources are in five groups; first is various types of levy (hotel, crops, markets, auctions, billboards, services, and bus stops). The second group is taxes such as property tax for all buildings in a given township. The third category is liquor licenses. The fourth group is various types of fees such as livestock slaughter, running public halls, fines due to breaches of local by-laws, agencies income, and tender income. Fifth, income from district council property such as house rents, kiosks shops levy, meat shops levy, buildings plan levy, forest products levy, and land rent. Added to these are grants from the central government, known as general purpose grants. The central government pays compensation of income lost due to the scrapping of some local government revenue sources such as the development levy.

The rest of the revenues are collected by the central government agency, Tanzania Revenue Authority. "It is very difficult to meet financial needs at the council level, for any institution to be strong and independent it needs to have its own reliable source of revenues" (KII, LGA9). "Failure to implement some budgeted items because of limited own resource base is definite" (KII, LGA8). The central government grants make up nearly 60% of the local government resources (table 6.2), while donors projects accounts for nearly 20%. Most of the government's grants pay salaries (58%). The local government working in this way has little or no control over finances hence many projects remain unfinished budget year after budget year.

Decentralised administration is still quite difficult. Although councils make their own decisions under councillors and council management teams, there is still strong allegiance to the central government and/or political parties' organs. Research participants felt that the local government structure makes working relationship quite difficult (KII, LGA7). At district level there is a District Commissioner and District Administrative Secretary appointed by the President. These are supposed to represent the central government at local meetings. These posts were viewed as political positions designed to control the local (KII, LGA13). Although these people are not voting members of the district full council meetings, their presence has an impact on local initiatives. The District Executive Director, too, is the employee of the central government under Prime Ministers' Office Regional Administration and Local

Government (PMO-RALG). The central role of the Director is the secretary of the council and running day-to-day supervision of technical staff at district level employed by the local government. “This is like the central government is working here at local level” (KII, LGA15).

6.6 Transparency and accountability

At school level the contribution of aid for transparency is relatively big. Prior to Primary Education Development Plan I (PEDP I), which was heavily funded by the World Bank and other donors, the school was under the management of the communities. However, due to the fact that parents paid fees to complement government resources, consultative dialogue at this level was significant. The abolition of compulsory primary school fees and the introduction of capitation grants called for greater transparency and dialogue among community members and the school administration. It was at this time also that civil society working in education sector trained school management committees.

School committees are supposed to meet quarterly. Ad hoc meetings are usually called if there is an emergency, an urgent matter concerning children, or anything for which external assistance was mentioned “whenever someone wants to help the school we call for a meeting” (KII, SC2). The role of the school committee is to manage school human and financial resources as well as to ensure children acquire necessary skills.

Village leaders’ representatives in the school committee provide a link to incorporate school priorities into village plans. Also the head teacher is a member of village development committee. The Ward Education Coordinator is a member of the Ward Development Committee. In this way it is assumed that individual school issues will be raised in Ward to District Council priorities.

A school’s daily financial spending requires two signatories; the head teacher and the school committee treasury. At least two of the school committee members have to physically go with the head teacher to get quotations and purchase. This enforces transparency and better use of resources at school level. However, sometimes misuse of funds and corrupt activities still occur. One teacher said “these funds (capitation grants) tempt head teachers into corruption and misuse of public funds” (KII, SC2).

School management committee and teachers are more careful with parents' donations. At Kongwa Primary school parents donate Tshs 300/- per pupil per year. These contributions go towards end of term examination preparations, especially to buy papers because capitation grants are insufficient and in most cases delayed. Parents have a lot of questions in this area which makes the school committee accountable because of these donations. Parents have little concern really about capitation grants as confirmed by an assistant head teacher "no one says or follow up but they ask about things for instance why now our children do not get exercise books" (KII, SC3). It is not easy to respond to parents' questions because if the government removed fees to allow all children to come to school why go back to parents asking for more donations? Teachers and the school committees feel the decision to abolish school fees at primary school for every child was a political decision. Parents should contribute towards their children's education in order to make quality education accessible (KII, SC2).

Photo 6.1 Village Notice Board to enhance accountability and transparency



Source Field Research (2010)

Despite all the challenges of transparency there has been a significant progress. Most villages have established and encouraged the use of notice boards. District and village

notices are posted on notice boards for villagers to read (Photo 6.1). The notice boards were designed to curb lack of financial transparency at district and village level. These notices are posted on quarterly basis once grants are issued.

In both district and villages, Local Government Development Grant (LGDG) financial notices are posted indicating per capita amounts of funds received by the local government and sector distribution. Project support funds from donors are not posted on notice board.

Photo 6.2 Public Letter from District Executive Director showing April 2010 grants

JAMHURI YA MUUNGANO WA TANZANIA
OFISI YA WAZIRI MKUU
TAWALA ZA MIKOA NA SERIKALI ZA MITAA
HALMASHAURI YA WILAYA YA KONGWA

MKOA WA DODOMA
Simu : 255-026-2320537
Fax. No. 255-026-2320537
E-Mail No. _____

Halmashauri ya wilaya,
S.L.P. 57
KONGWA.

Kumb. Na. HW/KOG/F.20/3. VOL. II/44
6/5/2010

WAKUU WA IDARA
UTAWALA
UJENZI
ELIMU
AFYA
MAJI
KILIMO

YAH RUZUKU YA MWEZI APRILI, 2010
Husikeni na somo tajwa hapo juu.

Napenda kuwafahamisha kwamba Ruzuku ya mwezi Aprili, 2010 imepokelewa kama ifuatavyo:

Na.	IDARA	KIASI (TSHS)
1	UTAWALA	26,003,000.00
2	UJENZI	13,829,000.00
3	ELIMU	43,844,500.00
4	AFYA	16,775,000.00
5	MAJI	11,635,000.00
6	KILIMO	2,503,000.00
JUMLA		114,589,500

Zingatieni MTEF katika kufanya matumizi.

Isack Macha
K.n.y MKURUGENZI MTENDAJI (W),
KONGWA.
Alone kwenye jalada.

Nakala: - Mkurugenzi Mtendaji(W),
KONGWA
Mkurugenzi wa Njia,
Halmashauri ya Wilaya,
KONGWA.
Mkuu wa Matangazo,
KONGWA.

Source Field Research (2010)

For instance, in Kongwa (Photo 6.2) a letter from the District Executive Director shows sector distribution of funds for the April 2010 quarter. Administration was allocated 22.6%, works/building (12%), education (38%), health (14.6%), water (10%), and agriculture (2%).

However, these figures do not show enough detail for an average person to follow up. For example, the letter shows the education sector was funded relatively higher than other sectors but in reality there are two departments, secondary and primary education. Also, the education department has no project involved which means all their funding comes from the central government grants. It is, therefore, easier to track issues of accountability within education sector than other sectors that receive project funding which are not posted on the notice board. Both transparency and accountability are limited at this level.

Financial reports posted on district council notice boards or school notice boards are important for transparent and accountability. However, it was learned that not many people bother to read or ask questions about these financial figures on notice boards. Many people ask questions related to the problems such as missing school stationery. Conversely, CSOs' engagement with the media is perceived to have had a tremendous impact on community members: "It makes sense when people hear from the radio or TV or read from the newspaper that funds provided would have bought however many exercise books or build however many classrooms" (KII, CSO5).

6.7 Declining participation in community contributions

There is increased declining community voluntary participation in school and other development activities. For example, in classrooms construction using development grants communities have to mobilise their own resources and construct up to linter level and then ask for the government to complete the work. There are major reasons for dwindling community contribution in kind and cash. First, it was said some politicians confuse people. For instance in Kongwa District, the school committee planned to build two extra classrooms to curb the problem of overcrowding in classroom (70 children per classroom). They agreed to ask village leaders (some of them members of the committee) to communicate this to community members. However, community members refused their labour contribution. It was learnt later that, when asked by community members, the ward councillor said they should not contribute because the government gives all the funds for that purpose (KII, SC2). The second reason is the complex planning cycle. Primary school's priorities are compiled by the school committee and sent to the village assembly. The plans are then compiled by the village development committee. This committee forwards these priorities to the ward development committee which compiles and prioritises plans from three to four villages. At this point some of the priorities will be dropped or changed to suit the next level. Ward Development Committee (WDC) planning meetings have representatives from villages, also Ward Executive Officer and ward sector specialists such as Ward Education Coordinator. Some district planning specialists participate at ward level development meetings. Plans and priorities are consolidated at the ward level according to budget ceiling and the summary is sent to the District Council. District Council's sector

committees prioritise again all the plans from the wards (10-14 wards) in accordance with sector and cross-cutting policy issues. The district finance and planning committee compiles the report for discussion at the District Full Council meeting. Ward Councillors and a Member of Parliament debate issues at this level where the district management team including sector heads of departments and District Executive Director provide technical expertise. After agreement and compromise, the district annual plan and budget is approved by two signatures of the District Council Chairperson or Mayor representing the legislature and the District Executive Director or Municipal Director representing the executive. The district annual plan and budget is at this stage forwarded to the Regional Advisory committee which include membership from all districts of the region (about four to five districts). The district plan is then returned to the district for amendments or corrections. A complete district annual plan is now presented directly to the Treasury or Ministry of Finance. The Treasury gives feedback to the District Council usually at a meeting with all Districts councils. After working on the amendments, the district annual plan and budget is now complete and presented to the Treasury. The Treasury compiles all the district plans and sector ministry plans into one which is tabled at the Parliament for approval. This is a very complex process in which some very burning issues prioritised at a particular school get diluted. For this reason, community-level motivation to participate is eroded.

The third reason leading to declining community participation is linked to limited accountability mechanisms. “When people contribute in cash or in kind at school or village level they expect feedback on progress but when no any report is heard and rumours start to go around it sends a wrong message” (KII, LGA4). At this point community members react differently and the most polite one is said to be refusing to contribute. For example, a school in Kongwa asked every parent to contribute 1ream of paper which costs about 5,000 Tshs. When parents asked how they used all the reams from 500 pupils in that year there was no proper answer, so they did not want to contribute any longer (KII, LGA4). This is a typical example of parents being willing to support their children’s education but, faced with the challenges of limited transparency and accountability, parents opt for resistance.

The fourth reason was attributed to aid agencies especially civil society. It was learned that some NGOs’ practice of paying participants allowances to participate in their (NGO) events

contributed to declining voluntary community contributions. It was noted that both in Kongwa and Arusha it was very difficult for local government officials to get village or street leaders come to an event if they were not paid allowances to do so. “When we go and call them for meetings they demand allowances otherwise they do not cooperate” (KII, LGA15). Some NGOs however denied paying allowances because they depend on donor funds that don’t have that provision. Their fingers were pointed to the government’s organs perpetual behaviour of paying people to participate in events (KII, CSO 3). This perspective, which is also shared by donors, proves that community members and leaders are aware of what is going on.

Five, politicising development through multiparty politics is contributing to declining community voluntary participation in development projects. For instance, during election campaigns, the incumbent party is known for going around showcasing what they have done including building community projects such as schools. This makes things hard afterwards because community members feel that the school was built by people of all ideologies. The outcome of this is non-cooperation from most community members in labour or cash contribution in school or development projects.

The final reason is the confusion brought by the newly embraced Public Private Partnership (PPP) policy. Most of the services once delivered by the councils are now outsourced to private contractors, usually not from the villages. In the past, schools were built entirely by community contributions of labour and materials. Now when a school is constructing a classroom it has become hard to convince parents to contribute money or labour because of their experience with PPP. “Parents know that contractors are paid by the council or the government, so why help them for free?” (KII, LGA14). The study suggests this trend is worse in urban areas such as Arusha Municipal compared to rural-based districts such as Kongwa.

6.8 Effectiveness of aid modality

Research participants were asked about which of the aid modalities they regard as most effective, budget support or project support. The responses varied at different levels, national and district. Government officials at national level – both Ministry of Finance and

Economic Affairs and Ministry of Education and Vocational Training – preferred budget support in the long-term. However, they did not play down project support either. Surprisingly, they pointed out that budget support and project support each have both benefits and challenges. Budget support is said to be good because of inclusive development in terms of financing. In this way, all districts will be supported according to needs and population size. Budget support is very effective at macro level. For example, one respondent pointed out that budget support reduces inflation and prepares the Government to tackle development initiatives broadly and long-term. The constraint of budget support is that it is less effective at micro level because of the little benefits thinly distributed in a large area (KII, MoFEA).

Project support is seen to be very effective at micro level in terms of targeting a sector and end-user of services. Project aid has a tendency to reduce bureaucracy accordingly (KII, MoFEA). However, project aid has the potential to increase inflation because of funds that flow outside the treasury. For instance, in the 2009/10 fiscal year nearly 60% of aid bypassed the Government system through projects. Efforts have been made by current aid dialogue to ensure all project funds are captured by the Treasury. However, the Treasury is unable to control disbursement and reporting.

At district council level, legislators – including Members of Parliament and Ward Councillors interviewed – had a positive view of budget support. Budget support was said to have advantages over projects at district level because it is territorial. Budget support covers a large geographical area using inclusive criteria laid out in the national budget (KII, LGA 16). For planning and finance staff at district level, budget support reduces workloads and improves disbursement and expenditure at local level (LGA, 8).

However, some sector departments at district level thought budget support is not good because it involves cumbersome procurement procedures that encourage corruption and implementation delays. Budget support is linked to delayed disbursement and funding insufficiencies. On the other hand, if the district was lucky enough to get a project, decisions about finances were quick. It was revealed that with projects it was easier to evaluate progress and learn about the project issues at local level (KII, LGA 12 & 13).

The disadvantages of projects were mentioned. First, project support has a tendency to leave out some parts of the country. An example: the World Bank road fund project covered only 20 districts in the whole country out of 133 districts in 2010. The criteria to choose a district are sometimes obscure. “Some ministers used projects to concentrate resources in their constituents using project support; they cannot do that with budget support” (KII, LGA16). Second, project support donors sometimes come with their own technical staff which complicates working at district council. In Arusha, for instance, Municipal Council is supported by one donor agency to build capacity for local revenue collection and financial management. Two advisors are working with the municipality at the District Revenue Department. However, some municipal staff thought that technical advisors did not have the knowledge to build anyone’s capacity because of differences between Tanzania’s financial system and that of their home country (KII, LGA10).

6.9 Local government decision-making critical issues

Local governance at district level has benefits of consultative decision-making and implementation of initiatives. There are issues that face both politicians and technical experts. Interviews revealed that politicians and district practitioners sometimes have different views on what constitutes the best approach to development initiatives. The most outspoken differences are on quantity versus quality. In most cases politicians want greater numbers of things such as classrooms and desks, among others, with little regard to quality. “Unfortunately our politicians are too ambitious. They want big quantities of visible structures such as classrooms with little consideration of essential components of education; for instance, enough qualified teachers” (KII, LGA6). However interviews with councillors revealed that there is always tension between them and district technical staff. “We make decisions and technical personnel implement them, so if quality is not observed who is to be blame? We do not want children to miss education so we want to make use of every opportunity” (KII, LGA18).

6.10 Exit strategy?

Joint assistance strategy has an exit strategy. However, there is no indication of implementing exit strategy at least in the near future. The DPG aid structure, donor’s

division of labour, and a comprehensive JAST dialogue structure seem to have established a permanent arrangement between actors. Slow and poor performance in some MKUKUTA indicators plus suspicion of corruption locks actors in some form of permanent dialogue. However, the PRBS donors group seems to have lost momentum just as other donors have done. As a result, until now (2010) PRBS has not attracted new members since 2004 when membership reached 11, rising from five in 2000. Current challenges in aid structure could possibly be discouraging more donors to join the budget support group.

While partners in aid dialogue in Tanzania have been discussing exit strategy – at least in report such as JAST (2006) – in practice, apart from efforts to put systems in place, not much has been done. However, this year the Government has started to reduce volumes of aid received. In 2010/11 fiscal year, the Government has reduced the aid proportion of the budget from nearly 40% to 25%. The Government has raised its budget income locally through taxation to cover the gap left by reduced aid. Taxation is not enough to fill the aid reduction gap so the Government has accessed substantial resources through domestic and international borrowing. Concerns have been raised that this will attract high inflation (KII, MoFEA).

6.11 Conclusion

Policy-making and implementation in aid influenced environments involves many processes and stakeholders. Multiple processes in aid dialogue structure in Tanzania are both rewarding and confusing. In changing aid modality the Government has gained strength favoured by the policy-making processes. Correspondingly, Civil Society Organisations and local governments are increasingly sidelined. Non-state actors are slowly withdrawing from dialogue and instead invest more time and energy in public engagement. Likewise, local governments are being centralised in practice, with strong financial guidelines and monitoring from above coupled with limited local resource bases. There is fatigue on the part of the donors. Community voluntary participation is quickly fading away. Overall, good processes and subsequent policies have not translated into appropriate effective implementation. The lack of coherence lies between and within actors involved in policy-making processes and implementation.

Chapter 7 Conclusions

This chapter concludes with key findings of the research. This study aimed to address the research gap between foreign aid influence in policy-making and implementation in practice in the primary education sector at the district level in Tanzania particularly on the extent the Paris Declaration on aid effectiveness works at national and district level. The study focussed on two different districts in Tanzania, using school committees as a case study. It was important to find out how foreign aid-influenced decision-making processes are linked to a traditionally strong local planning culture. This chapter presents some comments as a response to the research questions of this study and conclusions.

The main research question was *“To what extent does foreign aid influence local decision-making at national and district levels?”*

The study sub-questions were:

1. How do aid instruments influence decisions in the implementation of national and district development priorities?
2. To what extent do district level decision-making processes in priority sectors include local development plans and priorities?
3. What is the response of different district-level development stakeholders in planning and implementing aid-assisted development priorities?

Research findings and subsequent discussions were grouped in two major categories: *actors* in policy-making and implementation and *processes and/or outcomes*.

How do aid instruments influence decisions in the implementation of national and district development priorities?

The objective of this question was to determine the extent to which aid instruments help to shape national and district-level priorities and resource allocation. Actors at this level included donors under a loosely organised Development Partners Group (DPG); central government representatives from the Ministry of Finance and Economic Affairs and other ministries, departments, and agencies; Local Government Authorities (LGAs); and civil society.

The new aid modality has opened dialogue between donors and recipient country officials. This study has revealed that initially dialogue between donors and most domestic actors was strong. In this sense foreign aid has had a major influence in opening spaces of dialogue, especially to include perspectives of civil society, alternative to the central government decision-making processes. The influence of foreign aid in creating space for dialogue and engagement is significant. The current aid structure includes the position of civil society in policy discussions especially with regards to budget support and Medium Expenditure Frameworks (MTEFs). The Paris Declaration on Aid Effectiveness principles can be observed through this local aid and policy-making architecture. In the beginning, major decisions made especially on basic education had inputs from donors, the government, and civil society. A good example is the implementation of the first Primary Education Development Plan (PEDP I) which was implemented for five years (2002-2006) and involved all key stakeholders at national level in technical working groups. Achievements were obvious, in that most school age children were enrolled by 2005. However, other objectives of the plan were not achieved, such as improving the quality of education and improving management capacity within the education system.

More recently however, the changed aid environment has had significant influence in changing relationships. The new aid modality has strengthened the central government at the expense of other domestic actors such as civil society and local government. This is contrary to one of the pillars of Paris Declaration; namely country ownership. Country ownership meant government leadership but with involvement of other state and non-state actors in policy-making and implementation. In the current Tanzania set up, country ownership means central government ownership. Civil society faces major obstacles to participate effectively in policy engagement; there are delayed invitations, CSOs do not get documents prior to meetings, and the government does not necessarily take their inputs on board. Donors face a similar challenge in terms of delayed invitation – although not of a similar extent – but they have learned to participate regardless of circumstances. Although donors have significant influence, it was learned that stronger central government is taking advantage of the not so active development partners in policy meetings and implementation. However, on the other hand, donors have not managed to coordinate their

activities and work as one which has confused the government in the driving seat which hears several different donor voices. This confusion has limited aid effectiveness.

Processes and or outcomes

The outcomes of policy dialogue are varied. There are positive outcomes especially when policy documents are produced with inputs from diverse stakeholders. Recent developments however show negative outcomes such as civil society's gradual disengagement from policy dialogues at national level due to fatigue and tokenism.

A process issue is the dialogue space at district level whereby civil society organisations are not welcome at full council meetings. However, their inputs are welcome at district departmental level. Limiting civil society participation at district full council meetings makes decisions and implementation rather one-sided and hence compromises a multi-stakeholder structure at national-level.

Overall, there is a lack of cohesion between policy-making and implementation. In some cases very good policies are made but there is limited implementation. This is due to less or no participation of important stakeholders in priority setting and decision-making cycles. The question of ownership is obvious here: implementers do not feel they own these policies.

To what extent do district level decision-making processes in priority sectors include local development plans and priorities?

The new aid modality increases centralisation of decision-making and policy-implementation. Dependence on resources from central Government has weakened local governments. Budget ceilings, as directed by the funding frameworks of the Ministry of Finance or Treasury, are used to cut down on community priorities regardless of order hence putting local governments in a position where they are not trusted. In other words, bottom-up plans and priorities meet with the top-down frameworks at district level where the top-down approach wins because of the power of resources. This has made the running of schools difficult because schools receive limited resources in the new aid modality. At the

same time, plans and priorities made by school committees are often compromised or watered-down at national and district levels.

What is the response of different district-level development stakeholders in planning and implementing aid-assisted development priorities?

This study has found varied responses to aid influenced policy-making at different levels. At national level the central government has become strong and leads discussions. However, donors still play a significant role. The response of the central government has been mixed. First, there is compliance to obvious things like improving fiscal management structures but these seem to be to conform to donor requirements rather than embracing the culture of accountability. Second, there have been modifications of agreed plans to suit local contexts or to safeguard political interests. Finally, there has been some sense of agency in dealing with some policy issues. The central government resisted the involvement of other stakeholders in some decisions made.

At district level two main responses came out strongly: 1) compliance and 2) manoeuvre of centrally-made policies and priorities. District councils have complied with financial guidelines, budget ceilings' and top-down priorities that ignore or even contradict district-made plans and priorities. District councils have also responded by redirecting funds into their core priorities by modifying payments schedules or even renaming implementation strategies to meet local needs.

At school committee or community level the responses have been compliance, redirecting, and resistance. In issues that are generally agreed upon – for instance accountability and transparency in the use of capitation grants – there has been compliance. Paradoxically, there was also evidence of a well-known practice of redirecting school resources to fit into needs that are not addressed in Ministry of Education guidance on the use of capitation grants. In other ways communities have openly resisted participating in some projects when they felt their priorities were not being addressed. This has caused delays in executing some education-related development projects which need substantial community contribution.

The Main Research Question

The main research question of this thesis was *“To what extent does foreign aid influence local decision-making at national and district levels?”*

The policy-making environment in Tanzania is greatly influenced by aid-related discussions at the national level. This research has found that donors and the central government institutions are heavily involved. Civil society organisations were involved in the education sector in the beginning to some extent but gradually civil society involvement declined. It can be concluded that at the national level policy-making processes in the aid environment have been captured by the central government. The central government has more control on the national development strategy today than at the beginning of the new aid modality, being more open to inputs from non state actors during the early change to the new aid modality than currently.

At the same time district government and civil society are left out of policy-making and, consequently, district governments face limited resources and top-down guidelines. This is not necessarily because of donors’ influence but it may be regarded as an unexpected outcome of the aid dialogue structure.

District level policy-making and implementation processes do not effectively involve civil society organisations and other non state actors. This may have negative implications especially in policy coherence between the national and district implementers. Again, weak linkages between national and district actors is not necessarily a direct result of donor or aid influence but is more likely to be an outcome of the assumptions made by the global aid structure that consultative development policy-making would work smoothly at the district level.

While this study shows clearly that there has been more central government-driven policy-making processes, some involvement of non state actors and full participation of donors the new aid modality has weakened district-level policy-making and implementation. More work needs to be done to include non state actors effectively, strengthen district-level policy-making and implementation and involve non state actors at district-level.

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Appendices

Appendix 1 Research Permits

Appendix 1.1 Permit Letters from Regional Administrative Secretaries Arusha and Dodoma

**UNITED REPUBLIC OF TANZANIA
PRIME MINISTER'S OFFICE
REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT**

ARUSHA REGION:

Tel No. 2502508/2502270

Fax No. 2502271

In reply please quote:



REGIONAL COMMISSIONER'S OFFICE,
P.O. BOX 3050,
ARUSHA.

Ref. No.FA.195/232/01A/149

29th April, 2010

District Administrative Secretary,
P. O. Box 1,
ARUSHA.

RE: RESEARCH PERMIT

Reference here is made from the letter dated on 12th April, 2010 from the Victoria University of Wellington – New Zealand concerning the above subject.

I take this opportunity to introduce to you **Mr. Amani Manyelezi** who is a bonafide student of the Victoria University of Wellington conducting a research on "**Examining the role of foreign aid on local involvement in development policy-making**".

This permit has been granted from **1st May, 2010 to 2nd June** and will cover Arusha District.

You are requested to provide him any administrative assistance so that he can accomplish his research objectives.

Thank you for your cooperation.

G. G. Kanyairita

**For: REGIONAL ADMINISTRATIVE SECRETARY
ARUSHA**

Copy to;- Mr. Amani Manyelezi.

**JAMHURI YA MUUNGANO WA TANZANIA
OFISI YA WAZIRI MKUU
TAWALA ZA MIKOA NA SERIKALI ZA MITAA**

Mkoa wa Dodoma
Anwani ya Simu REGCOM
Simu Nambari:
2324343/2324384
E-Mail No. rasdom2002tz@yahoo.com
Fax No. 255 026 2320046
Unapojibu tafadhali taja:



Ofisi ya Mkuu wa Mkoa
S.L.P. 914
Dodoma

Kumb. Na. DA. 122/340/01/78

Mei 14, 2010

Katibu Tawala wa Wilaya,
Kongwa.

**KIBALI CHA KUFANYA UTAFITI KUHUSU NAFASI YA MISAADA YA NJE KATIKA
USHIRIKI WA MAENDELEO YA KUTUNGA SERA**

Ndugu Amani Manyelezi ni mwanafunzi wa Shahada ya Uzamili Chuo Kikuu cha Victoria kilichopo nchini New Zealand.

Kuanzia tarehe 01 Mei, 2010 hadi 30 Juni, 2010 atakuwa anafanya utafiti ili kukamilisha masomo yake.

Tafadhali aruhusiwe kufanya utafiti huo.

Tunashukuru kwa ushirikiano wako.

P.K. Masanja
Kny: KATIBU TAWALA MKOA
DODOMA

Appendix 1.2 Permit Letters from District Administrative Secretaries Arusha and Kongwa

**JAMHURI YA MUUNGANO WA TANZANIA
OFISI YA WAZIRI MKUU
TAWALA ZA MIKOA NA SERIKALI ZA MITAA**

SIMU: 250-6659 / 250-2695

Fax: 2502271

Tafadhali unapojibu taja:



OFISI YA MKUU WA WILAYA
S.L.P. 1
ARUSHA

KUMB. NA. DC/AR/RE.36/223

04 MAY, 2010

**KWA YEYOTE ANAYEHUSIKA
WILAYA YA ARUSHA**

MHRD
Azeidi
MD 5/5/2010

YAH: KIBALI CHA UTAFITI NDUGU AMANI MANYELEZI.

Rejea kichwa cha habari hapo juu.

Napenda kumtambulisha Ndugu Amani Manyelizi ambaye ni Mwanafunzi kutoka Chuo Kikuu cha Victoria Wellington. Anafanya utafiti juu ya " **Examining the role of forgein on local involvementin development policy making. "**

Utafiti huu unafanyika kuanzia Tarehe 1/5/2010 Mpaka Tarehe 2/6/2010.

Tafadhali apewe ushirikiano ili akamilishe utafiti huu.


L. K. Kileo.

**Kny:KATIBU TAWALA WILAYA
ARUSHA.**

WILAYA YA ARUSHA

Nakala kwa: Amani Manyelezi.

JAMHURI YA MUUNGANO WA TANZANIA
OFISI YA WAZIRI MKUU
TAWALA ZA MIKOA NA SERIKALI ZA MITAA



MKOA WA DODOMA

OFISI YA MKUU WA WILAYA,
S.L.P. 11,
KONGWA.

Simu Nambari: 2320426
Tafadhali unapojibu taja,

Kumb. Na. KOG/E.10/7 VOL.II/64

17 Mei 2010

Mkurugenzi Mtendaji,
Halmashauri ya Wilaya,
S.L.P. 57,
KONGWA.

YAH: KIBALI CHA KUFANYA UTAFITI KUHUSU NAFASI YA MISAADA YA
NJE KATIKA USHIRIKI WA MAENDELEO
YA KUTUNGA SERA

Bw. Amani Manyelezi ni mwanafunzi wa Shahada ya Uzamili Chuo Kikuu cha Victoria kilichopo New Zealand.

Anafanya utafiti **tarehe 01 Mei hadi tarehe 30 Juni 2010** kukamilisha masomo yake. Tafadhali apewe ushirikiano na wakuu wa Idara zifuatazo ili kufanikisha utafiti wake:-

- Mipango
- Biashara
- Elimu
- Maendeleo ya Jamii

Nawasilisha.

J. Ngonyani
J. Ngonyani

KAIMU KATIBU TAWALA (W)
KONGWA

KATIBU TAWALA (W)
KONGWA

Nakala: Mratibu CBHI }
Mratibu L.V.I.A } - Apewe ushirikiano

" Bw. Amani Manyelezi - Fika Ofisi ya DED

Appendix 2 Ethics Approval



MEMORANDUM

Phone 0-4-463 5676

Fax 0-4-463 5209

TO	Amani Manyelezi
COPY TO	John Overton
FROM	Dr Allison Kirkman, Convener, Human Ethics Committee
DATE	February 25th 2010
PAGES	1
SUBJECT	Ethics Approval: No 17225 The role of foreign aid on local involvement in development policy: The case of decision making processes at District level in Tanzania

Thank you for your application for ethical approval, which has now been considered by the Standing Committee of the Human Ethics Committee.

Your application has been approved from the date above and this approval continues until 31 March 2011. If your data collection is not completed by this date you should apply to the Human Ethics Committee for an extension to this approval.

Best wishes with the research.

Allison Kirkman

Convener

Appendix 3 Interview Schedule

Interview Schedule (checklist)

This is just a research guide, not all questions will be asked to individual participants however other follow up questions that are not written here will be asked depending on the participant's response.

The extent aid instruments influence district-level priorities and resource allocation

1. What sectors at district level receive foreign aid to facilitate development?
2. What forms of aid are you aware of in those sectors?
3. What is the proportion of aid to resources raised within the district?
4. What is the proportion of aid to resources sent from the central government?
5. How does the district team set development priorities to be implemented?
6. How easy it is for the district council to localize aid instruments-bound development priorities?

Decision-making processes on the inclusion of local development plans/ priorities

7. How many times do district council meet to decide on development priorities?
8. What is the role of the following stakeholders in preparing district development priorities?
 - central government
 - targeted communities
 - district management team
 - district council
 - elected officials (Member of Parliament and councillors)
9. In your opinion at what level is the final decision about district development priorities made?
10. How do different stakeholders at district level reach consensus on development priorities set?
11. What improvements if any do you think the current development planning and implementation can be made?

The response (resistance, compliance and manoeuvre) of different players at the district council on development priorities

12. How do district council stakeholders respond to suggestions of development initiatives from outside? Why or why not?
13. How do you manage disagreements between parties involved in planning and implementation?
14. In your opinion who in the district council has the most power to decide on development priorities with regards to foreign aid through budget support?

15. Please explain decision-making power accrued by the following members of the district council
- District Executive Director
 - District management team
 - Member of Parliament
 - Councillors
 - Representatives of Non-governmental Organizations
16. Can you recall the period when the district council resisted development plans from outside the council?
- Central government
 - Aid agency
17. Why did the council resist or respond differently?
18. How has the district council been able to balance between the need for resources such as funds and implementing local needs-driven priorities?
19. Do you think creativity to solve local problems is being used at the district level? Why and why not?
20. How does the district council balance power between stakeholders?

Appendix 4 Quiet Period Letter

**THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF FINANCE AND ECONOMIC AFFAIRS**

Telegrams: "TREASURY", Dar es Salaam,
Tel: 111174/6, Fax 110326. Telex: 41329.
(All Official communications should be
addressed to the Permanent Secretary to the
Treasury and NOT to individuals).



P.O. Box 9111,
**DAR ES SALAAM;
TANZANIA**

In reply please quote:
Ref. No. **TY/B/40/66**

8th April 2010

All Development Partners,

Excellencies,

RE: REMINDER ON "QUIET TIME" PERIOD (1ST APRIL TO 31ST AUGUST)

The Government of the United Republic of Tanzania, in collaboration with her Development Partners, introduced some years ago, a "Quiet Period", during which, meetings, reviews, missions and the like, are minimized so as to allow the Government some space to concentrate on the budget preparation and approval process in Parliament.

This letter serves as a reminder that the "quiet period" commenced on **1st April, 2010 and will be observed through 30th August, 2010**, except for activities that have been programmed during the period.

On behalf of the Government of the United Republic of Tanzania, I would like to take this opportunity to thank you all Development Partners once again, for your continued cooperation and support in this endeavour.

A handwritten signature in dark ink, appearing to read 'R. Khijjah'.

Ramadan M. Khijjah

Permanent Secretary – Finance and Economic Affairs

cc: Chief Secretary,
President's Office,
State House,
DAR ES SALAAM

Permanent Secretaries,
Mainland TANZANIA

