

AID HARMONISATION & THE JOINT ASSISTANCE STRATEGY IN TANZANIA

*Presentation to The Foundation for Advanced Studies
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Goals of Presentation

- Introduction to Tanzania, aid & harmonisation
- Past progress & future challenges
- Implications for government, donors, civil society, companies, and researchers
- Learn, as Chair of JAST Core Group, about Japan's thinking about aid & harmonisation



Tanzania - a Model for Africa?

- Political & social stability – no conflicts, national identity & unity
- Macroeconomic stability; 5% -7% GDP growth since 2003
- Public service reform
- Commitment and plan to reduce poverty (see budget)
- Results: school enrolment, lower child mortality, better roads



But Big Challenges Remain....

- Poverty broad (35% < \$1/day) & deep (GDP \$310/\$450 for SSA)
- Still a commodity-based, not a global economy
- Underdeveloped agriculture & infrastructure (Japan's contribution)
- Weak educational skills & institutions
- The "Missing Middle"
- 40 years of aid – limited progress



Progress in Harmonisation

- Paris Declaration commitment to more effective aid
- (a) Ownership, (b) Alignment, (c) Harmonisation
- Joint Assistance Strategies: Uganda, Zambia, Ghana
- JAST builds on 2002-5 Tanzania Assistance Strategy
- Poverty Reduction Strategy = what; JAST = how



Why Is Aid in Tanzania Considered Effective?

- Good government / donor relations & government leadership
- All donors support Poverty Reduction Strategy, Mkukuta
- Multilateral funding instruments, policy fora, & the budget
- Poverty Reduction Budget Support: 14 donors (incl. Japan & UK) together provided \$660m in 2006/07 (40% of all Tz aid)
- "Single instrument, single process"
- Japan praised by Min. of Finance for its reforms since 2000



What More is Needed?

- Broader-based economic growth
- Long-term public & private investment
- Systemic change in capacity & results
- Simplification: too many donors, aid strategies & programmes
- Clarify Tanzania's national priorities; redirect aid towards them
- Pluralism & challenge: strengthen civil society, firms, parliament, labour, the media

Donor Harmonisation in Tanzania

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Changes Expected in JAST

- Using government systems (procurement, TA, "quiet time")
- Sharper division of labour between donors
- Focus dialogue on sector reviews & national budget
- Government favours general budget support (GBS)
- Shift sector funding to GBS, moving projects onto budget
- Strengthen Tanzanian institutions - TA & capacity-building

Donor Harmonisation in Tanzania

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Next Steps

- JAST under way since July
- Government Cabinet Approval
- Signing Memorandum of Understanding by Government & all donors in September
- Draw up joint Action Plan & monitoring framework



Five Challenges for All Donors

- Ensure accountability to donor country taxpayers
- Track outcomes & improve action against corruption
- Satisfy donors' legal, audit & accounting requirements, whilst minimising aid transaction costs
- Speed up multilateral agreements & reform in donor HQs
- Include all donors in JAST without weakening reform



Conclusions

- JAST shifts focus from bilateral to multilateral aid effectiveness
- A long process - no overnight change!
- Importance of vigorous, independent monitoring of donors
- Need for continuous reform both in Tanzanian Government & in donor HQs (London, Washington, Tokyo, etc)
- Tanzania is progressive, but far to go to deliver on Paris & MDGs



Thank You!