

# Comments on evaluation report on long term cooperation between Sweden and Tanzania

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# 1. Context of Aid Dependency in Tanzania

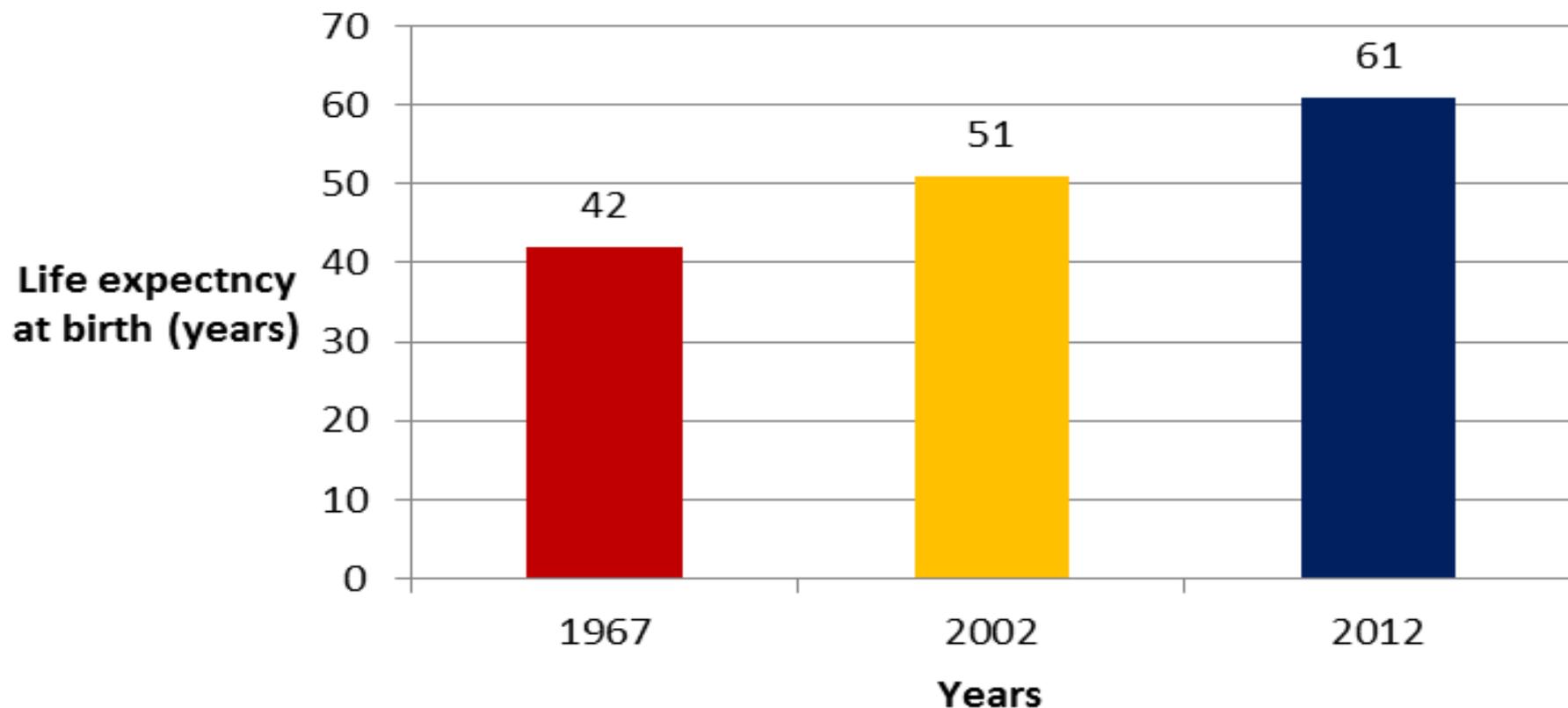
## Key Features

- ❑ Aid Dependency has been a constant feature of Economic development in Tanzania ever since the country gained its independency from colonial rule
- ❑ The character of this Aid dependency did not remain invariant over time, but changed significantly, and often dramatically, over the various historical phases of Tanzania social and economic developments.
- ❑ In analysing the impact of ODA in Tanzania its important to look at the extent of such Aid (% share of aid in public expenditure) BUT also its character ( the particular modalities) through which Aid operates.

## 2. Key Achievements and Challenges During the Review Period

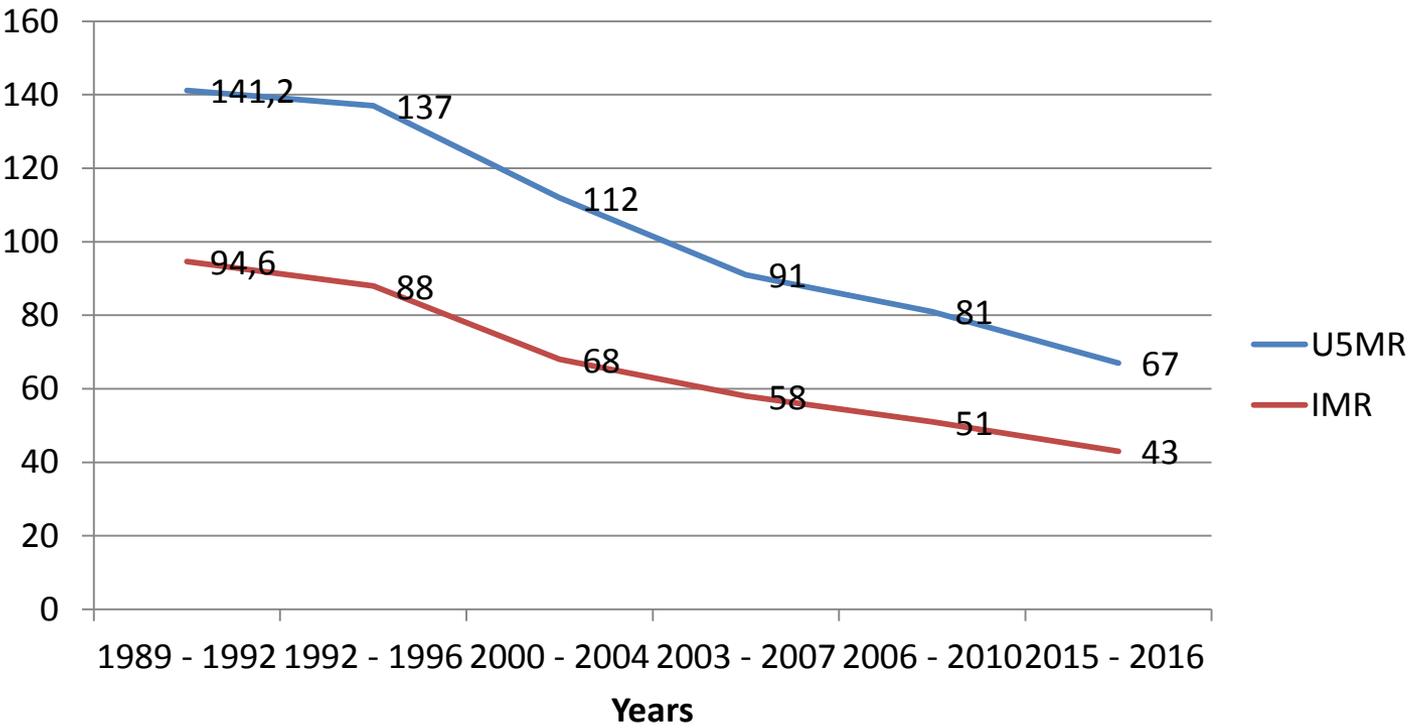
- ❑ Tanzania has also recorded significant achievement in health outcomes as manifested by increase in life expectancy at birth ( Life Expectancy has increased by 18 years from 1960 – 2013)

**Trends of life expectancy for Tanzania: 1967 - 2012**

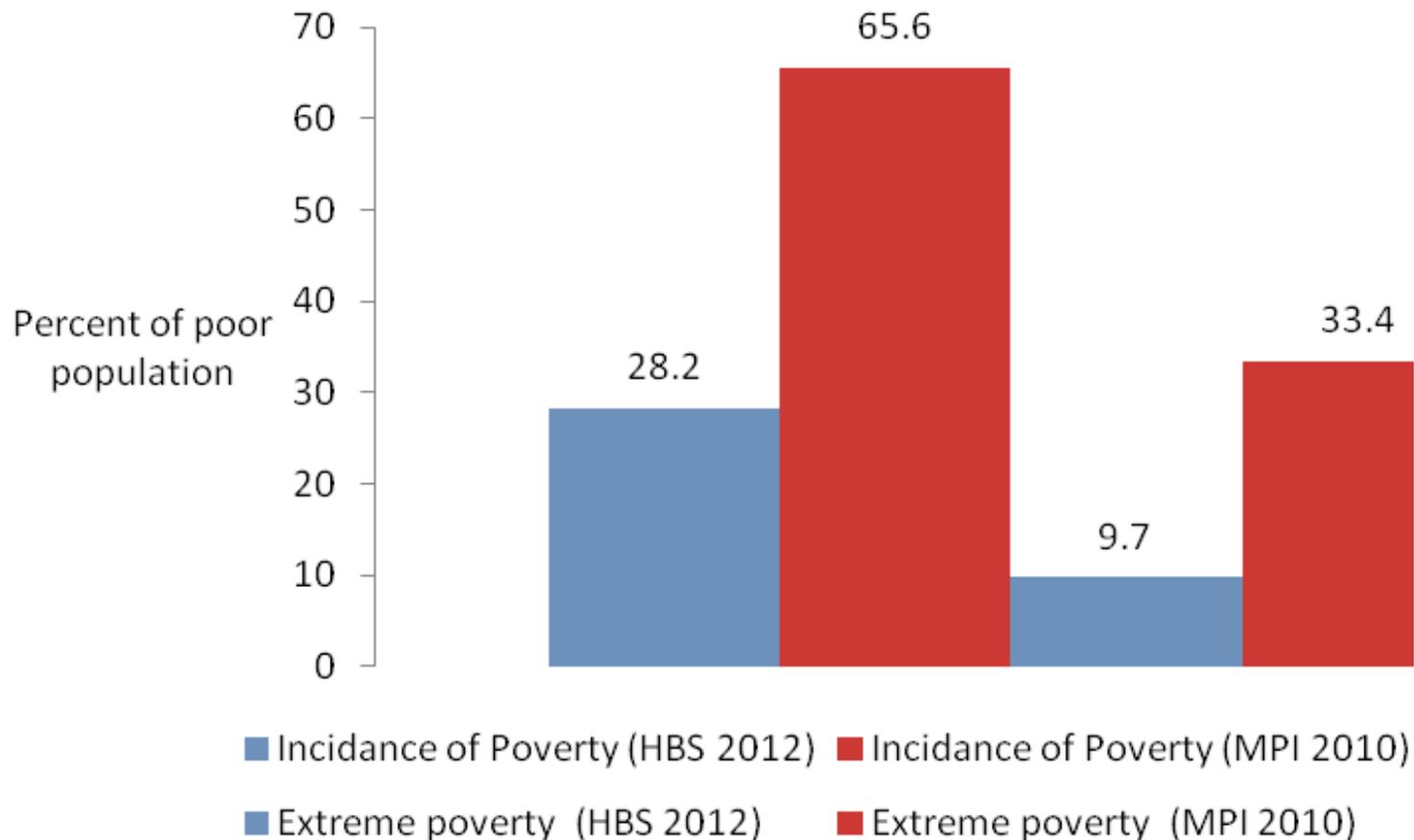


Tanzania has also recorded significant reduction in child mortality (1960 , child mortality stood at 244/1000 )

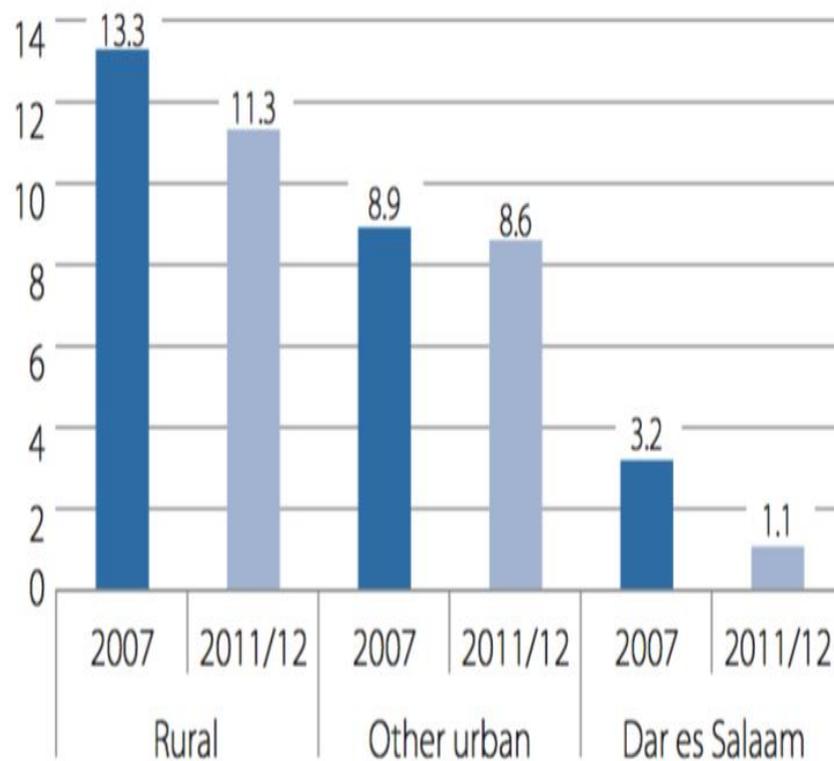
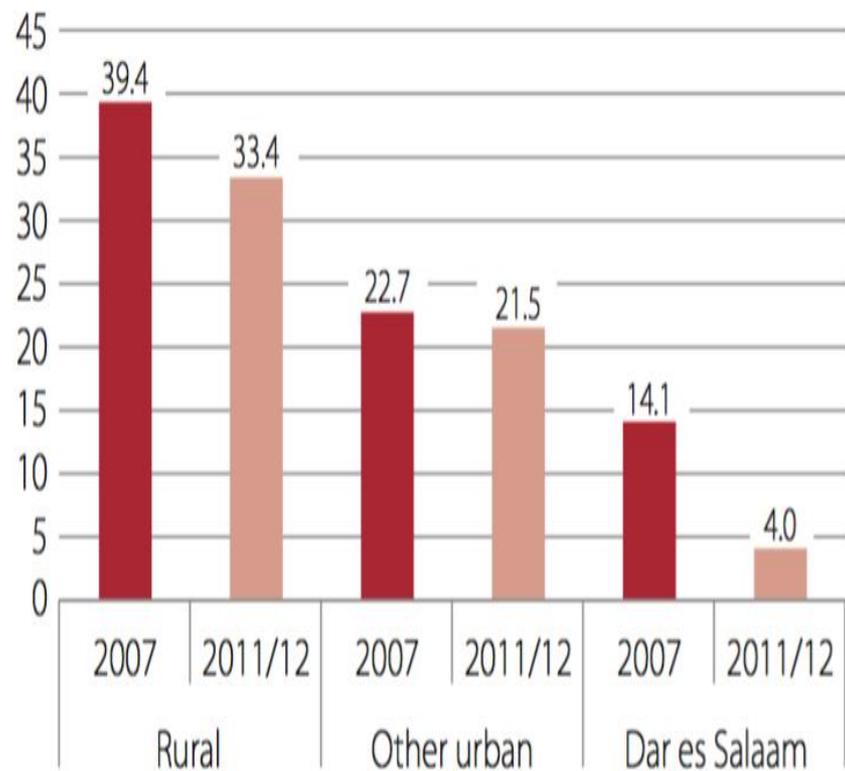
Trends of child Mortality, Tanzania



## Status of Poverty by HBS and MPI in Tanzania



**Figure IV.1 Basic Needs and Extreme Poverty Headcounts by Geographic Domain (%)**



Source: HBS 2007 and 2011/12.

Tanzania has registered improvements in some education outcomes especially universal primary education envisaged by MDGs. (**Focus should now geared towards retention and improvement of Quality of Education**)

- ❑ The country has achieved GER of 96.2% in 2013 against planned target of 100% by 2015.
- ❑ The country has achieved NER of 89.7% in 2013 against planned target of 100% by 2015

**Not significant progress towards access to improved water sources** (55 % in 1990 to 53 % in 2013) and **access to improved sanitation** ( 7% in 1990 to 12% in 2012)

- ❑ It is quite undisputable that the country **couldn't realize aforementioned achievements without significant contribution of development partners** who have gratefully supported the country with development assistance since independence.
- ❑ As noted in Evaluation Report on Long Term Co-Operation between Sweden and Tanzania, **Sweden is one of the countries which have played a profound role in supporting Tanzania's development process.**
- ❑ Tanzania understands for example that Sweden is one of the 5 donor countries which managed to honour Monterey Consensus of **allocating more than 0.7% of its GNI as ODA to developing nations**. Other countries in this category include Denmark, Luxemburg, Netherlands, Sweden and Norway).



## 4. Aid diversification: From Aid as Investment Support To Aid as Support for Poverty Reduction

□ Extent and Character of Aid Over the various historical phases of Tanzania social and economic developments.

1960 – 1969 - The Early Phase

1970 – 1982 - Expansion Phase

1983 – 1985 - Contraction Phase

1986 - 1996 - Adjustment Phase

1997 – to present - Post Adjustment Phase

## 4.1 The Early and Expansion phases (covering the years 1962 to 1982)

- ❑ According to the report, Swedish Aid in the period of 1962 – 1982 was characterized by solid achievements especially in the social sectors of health and education during early years.
- ❑ The report further notes that these early achievements were eroded during economic crisis period of early 1980's.
- ❑ In conclusion, the report asserts that the reference period were two decades of wasted development opportunities.
- ❑ In my view characterizing Swedish aid during the period of 1962 and 1982 as two decades of wasted development opportunities downplays the impact of the Swedish aid to Tanzania during the period. The stock of human capital and momentum created during early years was not entirely swept out during economic crisis of early 1980's (e.g Capacity development & Institutional strengthening)

## 4.2 The Contraction and Adjustment Phase (1983 to 1996) – The Period of Marginal Decline of Poverty Reduction

- ❑ During this period Swedish Bilateral Aid volume fell from much of the early to mid 1980's - there was concerns over the policy and institutional environment in Tanzania
- ❑ This trend was striking reversed in 1986, after the reform agreement with IMF; where Swedish ODA to Tanzania reached its highest level , at \$ 240 million. However this trend was short lived , the Swedish volume of Aid continue with downward trend , reaching \$64 Million in 1995
- ❑ Enabling environment for aid effectiveness during the period wasn't conducive such that most donors including Sweden reduced their support.

## The Contraction and Adjustment Phases (1983 to 1996) - – The Period of Marginal Decline of Poverty Reduction

- ❑ In my view, I agree with the findings of the report that this reform period was characterized by among others, lack of donor confidence and rapid decline in volume of aid to Tanzania.
  
- ❑ I also agree that there is high possibility that lack of lower level ownership of development agenda owing to inadequate implementation capacity of development process at local levels might have curtailed impact of Swedish aid during contraction phase.
  
- ❑ In this regard, as noted by the report, it is very possible that Swedish Aid during the reference period had resulted into only marginal decline in poverty in Tanzania.

## Aid as Investment Support Vs Aid as a Vehicle for Poverty Reduction

### Aid as Investment support

- ❑ During the adjustment Phase - **foreign aid focused more on balance of payments support and import support.** However as economic recovery took hold and changed into modest growth during the first half of 1990's the Aid modality also changed into structural feature of Aid financing .

### Aid as a Vehicle for Poverty Reduction (1996 +)

- ❑ During the Post adjustment phase - **The main focus of Aid turned towards providing budget support as a Vehicle for poverty reduction** ( especially under the HIPIC initiative, followed by PRSPs , MKUKUTA policies etc)
- ❑ In analysing the impact of ODA in Tanzania its important to look at the **extend of such Aid** (% share of aid in public expenditure) BUT also its **character** ( the particular modalities) through which Aids operates

### 4.3 During the poverty Reduction Phase 1996 to Present (greater drive and direct linkage with the objective of poverty reduction) –

There was a greater drive towards pooling programme Aid across different donors, of which General budget support was the most prominent component together with sector support and basket funding

❑ **General Budget Support** – Pooling of Aid resources across group of donors to fund general government expenditures in addition to domestic sources of government revenue

❑ **Sector Budget support** targets a specific sector & **Basket support** pooling of donor Aid to provide co funding of earmarked endeavours

\*\* Direct project funding - besides investment support , now also includes a significant component in supporting the social service provision through vertical programmes (PEPFER, Global Funding etc)

❑ Therefore:

- ❑ In the period since the late 1990's foreign aid no longer came to be exclusively defined as providing investment support to boost economic growth – **Aid as support for poverty reduction** ( which continue to include economic growth as a key vehicle for poverty reduction)
- ❑ Direct Project Funding and GBS together accounted for the bulk of ODA; BUT the relative weight of each of these two modalities of Aid changed significantly over the period as a whole - Donor interest shifted towards the greater use of direct project funding (DPF)
- ❑ - Donor agencies that favored GBS switched their preferences and / but also reflects that donor agency that do not provide programme aid (including GBS) **have grown in numbers**
- ❑ (GBS 18.6% 2007/8 to 6.6% in 2012/2013 as % of total government expenditure) where as DPS reached almost 21% as % of total Govt Expenditure in 2012/13)

## 5: Final Remarks

- **Significant Economic Growth over the last 15 years**
- **Significant Poverty reduction over time ( though more still needs to be done)**
- **Increased volume of Aid overtime (with changing modality through different phases)**
- **Increased Aid players over time with more preference toward Direct Project Support over GBS ( Increased question of sustainability and reliability over time)**

**THANK YOU**