Swedish Development Cooperation with Tanzania – has it helped the poor?

Mark McGillivray
David Carpenter
Oliver Morrissey
Julie Thaarup

Rapport 2016:10
till
Expertgruppen för biståndsanalys (EBA)

Mark McGillivray is Research Professor of International Development at the Alfred Deakin Institute at Deakin University in Geelong, Australia.

David Carpenter is Principal Adviser, Research and Evaluation with Adam Smith International Asia Pacific in Sydney, Australia.

Oliver Morrissey is Professor of Development Economics in the School of Economics at the University of Nottingham in Nottingham, the United Kingdom.

Julie Thaarup is a Partner of the Nordic Consulting Group in Copenhagen, Denmark.

Acknowledgements
This report has benefitted from the help and guidance of many people. The Reference Group assembled for this study provided invaluable feedback throughout the study, including detailed written comments on a number of its draft reports. Chaired by Kim Forss, the Reference Group members were Gun-Britt Andersson, Arne Bigsten, Göran Hydén, Verena Knippel, Bertil Odén and Samuel Wangwe. The authors are most grateful for this support. The authors are also most grateful to support received from Maria van Berlekom at the Swedish Embassy in Dar es Salaam and from the EBA's Markus Burman and Sonja Daltung. Markus deserves special thanks for his collegiate support throughout the conduct of the evaluation on which this report is based. We are also grateful to editorial support from Marc Curran.

This report can be downloaded free of charge at www.eba.se

ISBN: 978-91-88143-21-1

Printed by Elanders Sverige AB
Stockholm 2016

Cover design by Julia Demchenko

Table of contents

Preface

Tanzania as we know it today was created in 1964 after the newly decolonised Tanganyika and Zanzibar were merged. Sweden had contacts with Tanganyika even before Tanzania was formed, and in 2013 we celebrated 50 years of development cooperation with Tanzania. Aid to Tanzania therefore essentially dates back to the start of official Swedish aid.

Sweden's official aid policy began in 1962. The Government Bill (1962:100) describes how the first steps were taken in the Swedish-Tanzanian aid relationship as early as 1961, when the 'Nordic Committee of Ministers for the coordination of help to developing countries' agreed to prepare 'a Nordic aid initiative in the area of education in a suitable African country'. Following a reconnaissance trip in August 1961, it was decided that this country would be Tanganyika.

Sweden's early cooperation with Tanzania was largely based on 'ideological affinity' (Hydén, 2010). One point of departure was the African socialism and policy of self-reliance specified in the Arusha Declaration from 1967. Major initiatives were conducted, in adult education for example, to support the industrialisation objectives of the Arusha Declaration.

Between the years 1962 and 2013, Swedish aid to Tanzania (and Tanganyika) amounted to approximately USD 7 billion, or 8.4 per cent of Sweden's total bilateral aid during that period. This made Tanzania the largest recipient of Swedish bilateral aid during the period. Sweden is in third place among Tanzania's ODA donors for the period 1960–2013. It is of course important to ask what these major aid volumes have achieved. The objective of Swedish aid policy from the outset was to 'raise the living standards of poor people', i.e. to reduce poverty, an objective that has accompanied Swedish aid over time.

In this evaluation, Professor Mark McGillivray from Deakin University and his colleagues have tackled the question of whether – and, if so, how – Swedish aid has helped to reduce poverty in

Tanzania. The focus is on the entire history of cooperation, from 1962 to today. The aim of the study has been to both look into the conditions for implementing evaluations of Swedish development cooperation and at the same time study the long-term effects of aid contributions in an individual country. The idea was that the authors would propose a model for how aid to individual countries could be evaluated and then apply it to a country with which Sweden engages in long-term development cooperation. The model is an elaboration of the model used in three previous country evaluations commissioned by the Swedish International Development Cooperation Agency (Sida).

One conclusion from the study is that poverty reduction efforts have been more effective during certain periods than others, and that effectiveness has increased somewhat in recent years. The evaluation shows that Sweden contributed marginally to poverty reduction in the country during the period following 1997, primarily through Swedish budget support. The study also shows how strong ownership on the part of the recipient country does not always or inevitably contribute to effective aid that reduces poverty. According to the study, the recipient party needs an appropriate idea of what it wants to achieve and the capacity to implement the strategy that is chosen. One problem with Swedish aid to the country has been the lack of focus in development cooperation – that financing is often spread across far too many initiatives. The total aid volumes to Tanzania have also varied considerably over time and from year to year, which can have a negative impact on effectiveness. There have also often been problems ensuring long-term positive effects, even if the short-term results look positive. The conditions for implementing aid contributions have varied over time, sometimes because relations between the donor country and the recipient country have deteriorated or improved, but also because Tanzania's technical and economic capacity to implement initiatives has wavered, affecting the results.

We believe that this study could be of interest to a broad public with an interest in aid. It is probably of particular interest to those who have worked or are currently working on aid to Africa and on aid

effectiveness issues, and who have an interest in Tanzania or Africa in general. This report, together with the report that the Expert Group on Aid Studies (EBA) is publishing simultaneously with a focus on cooperation with Uganda and the 'internal factors' of aid (2016:09), contains important conclusions for future aid to Africa and the discussion on the effectiveness of Swedish aid.

The report was produced in dialogue with a reference group under the leadership of Kim Forss, member of the EBA. The analysis and conclusions expressed in this report are exclusively those of the authors.

Stockholm, October 2016

Lars Heikensten

Sammanfattning

I denna utvärdering analyseras om och i så fall hur det långsiktiga utvecklingssamarbetet mellan Sverige och Tanzania har bidragit till fattigdomsreducering i Tanzania. Utvärderingen omfattar hela utvecklingssamarbetets historia, från 1962 fram till nutid.

Följande övergripande frågor har legat till grund för studien:

Har det svenska biståndet bidragit till fattigdomsreducering i Tanzania över tid, och i så fall hur?

Vilka viktiga lärdomar kan dras för det svenska utvecklingssamarbetet i dag?

Utvärderingens främsta syfte är att tillhandahålla välgrundade och genomarbetade svar på frågorna ovan och belysa de lärdomar som kan dras för det svenska utvecklingsbiståndet. Vid utvärderingen har en explicit modell för utvärdering av bilateralt stöd till ett enskilt partnerland tillämpats. Utvärderingsmodellens styrkor, svagheter och allmänna tillämplighet diskuteras också i rapporten.

Den modell som använts vid utvärderingen är utvärderingsramverket AQEF (Aid Quality Evaluation Framework), en modell som användes första gången 2010 i samband med tre utvärderingar som beställdes av det svenska biståndsorganet Sida. Den gången gällde utvärderingarna Sveriges långsiktiga utvecklingssamarbete med Laos, Sri Lanka och Vietnam. Samarbetsperioderna för dessa tre länder var 53, 44 respektive 38 år. AQEF har sedan vidareutvecklats och användes senast vid en utvärdering som genomfördes 2014 och 2015. Den beställdes av Storbritanniens Department for International Development (DFID) och gällde utvecklingssamarbetet mellan Storbritannien och Vietnam under perioden 1998–2015. I de nämnda utvärderingarna granskades det aktuella utvecklingssamarbetets bidrag till fattigdomsreducering i mottagarländerna och lärdomar för framtida samarbete identifierades.

AQEF är ett heuristiskt verktyg som kan användas i situationer där det inte går att direkt observera eller kvantifiera

utvecklingssamarbetets effekter för fattigdomsreducering, eller andra avsedda resultat av utvecklingssamarbete. Ramverket är i grunden en slags guide för utvärderingen och som styr undersökningsstrategi och forskningsmetoder. Inom ramen för AQEF utvärderas tre komponenter: (i) överensstämmelse med Parisdeklarationens principer om biståndseffektivitet antagna av givarsamfundet 2005; (ii) överensstämmelse med centrala behov ur ett utvecklings- eller fattigdomsperspektiv i mottagarlandet; samt (iii) medvetenhet om länders varierande kapacitet för utveckling.

AQEF kräver inte kunskaper om det kontrafaktiska scenariot, dvs. om hur fattigdomsnivåerna hade sett ut utan utvecklingssamarbetet. I stället undersöks om samarbetet kan ha bidragit till fattigdomsreducering och om det är sannolikt att fattigdomsnivån i det aktuella mottagarlandet hade varit högre utan stödet.

Om man vid tillämpningen av AQEF finner att utvecklingssamarbetet har adresserat angelägna behov ur utvecklings- eller fattigdomsperspektiv i mottagarlandet, och att det har levererats i enlighet med Parisdeklarationens principer och på ett sätt som speglar medvetenhet om mottagarnas förmåga att absorbera och biståndsgivarnas kapacitet att leverera bistånd för utvecklingsändamål, så kan man sannolikt dra slutsatsen att det har bidragit till fattigdomsreducering i mottagarlandet. I realiteten är det dock så att det inte alltid går att dra entydiga slutsatser med hjälp av AQEF. I sådana fall krävs en mer djupgående bedömning för att kunna avgöra i vilken mån utvecklingssamarbetet bidragit till fattigdomsreducering.

I den här utvärderingen har AQEF-bedömningen och analysen gjorts med hjälp av en "mixed method approach" där kvantitativa och kvalitativa metoder används på ett kompletterande sätt för att granska olika typer av dokumentation angående det svenska bilaterala utvecklingsbiståndet till Tanzania och dess kontext, utveckling och resultat. Ansatsen har som utgångspunkt att man genom att använda olika men kompletterande undersökningsstrategier kan nå robusta och trovärdiga utvärderingsresultat. Kärnan i utvärderingens "mixed method approach" är analys baserad på fallstudier och intervjuer med nyckelinformanter, vilket beskrivs närmare nedan.

Utvärderingen inleddes med en genomgång av helhetsbilden, det större sammanhang i vilket Sveriges bilaterala utvecklingsbistånd till Tanzania bör betraktas. Det innebar en granskning av (a) Tanzanias framsteg inom multidimensionell fattigdomsreducering över tid; (b) Tanzanias politiska miljö, institutionella resultat och makroekonomiska resultat sedan början av 1960-talet; samt (c) landets övergripande stöd från givarsamfundet under samma period och fram till i dag. Dessutom bedömdes stödets utvecklingseffektivitet.

Det finns brister i data om fattigdomen i Tanzania, men befintliga uppgifter visar att fattigdomsnivåerna – baserat på internationella fattigdomsgränser – ökade mellan 1992 och 2000 men att dessa sedan har minskat. Detta gäller särskilt i förhållande till fattigdomsgränsen $1,25 (ppp) – andelen tanzanier som lever under den gränsen minskade mellan 2000 och 2012 från 84 % till 43 %. Med detta sagt fanns det fler tanzanier som lever i fattigdom baserat på dessa fattigdomsgränser 2012 än 1992, cirka 21 år tidigare. Förbättringarna är dock uppenbara när det gäller hälsovård, utbildning, vatten och sanitet, även om andelen som genomgått primärskola för närvarande är mindre än i början av 1980-talet.

Tanzanias makroekonomiska utveckling och politik, liksom den institutionella miljön, är väldokumenterad. Man kan utan överdrift säga att resultaten varierat. De kännetecknades under 1960- och 70-talen av en mycket instabil ekonomisk tillväxt och en ökande inflation. I början av 1980-talet inträffade en ekonomisk kollaps, delvis på grund av brister i politiken och de institutionella resultaten under Nyerere-epoken, och dess vision om afrikansk socialism. Visionen innefattade främjandet av en strukturell ekonomisk omvandling från en jordbruksekonomi till en industriell ekonomi grundad på självförsörjning. Detta inbegrep en politik där landsbygdsbefolkning flyttades till byar för att främja socialistiskt orienterad produktion. En antal faktorer som låg utanför den tanzaniska regeringens kontroll förvärrade 1980-talets kollaps ytterligare. Några av dessa faktorer var stigande internationella oljepriser, en allvarlig torka 1974 och 1975, minskande världsmarknadspriser på exportgrödor och kriget mot Uganda 1978. Efter att i flera år stått emot påtryckningar om

ekonomiska reformer och allt sämre relationer med biståndsgivarna, begärde Tanzania i augusti 1986 ett stand-by-avtal med IMF och inledde de ekonomiska reformer avtalet innebar. Först 1996 kunde en bärkraftig återhämtning märkas, och sedan dess har den ekonomiska tillväxten varit imponerande. Det politiska och institutionella läget har också förbättrats avsevärt.

Givarstödet till Tanzania har i mycket följt landets utvecklingskurva. Det har ökat, minskat, delvis ökat igen och sedan följt en uppåtgående om än något instabil kurva sedan 1996. Under perioder då biståndsgivarna haft förtroende för den tanzaniska utvecklingspolitiken har stödet varit mycket omfattande, både i fråga om biståndsvolymer och antalet bidragande givare. Det är uppmuntrande eftersom det tyder på en stark koppling mellan regeringens politik och givarstöd. Biståndet i förhållande till BNP var som störst 1992, då det uppgick till 36 %, men har sedan dess minskat stadigt. Biståndet i förhållande till befolkning och statens löpande kostnader har följt samma kurva, trots att biståndets absoluta nivå ökat stadigt under denna period. Ökningen av den absoluta biståndsnivån har dock inte varit oproblematisk, och det finns belägg för att den kan kopplas samman med fragmentering och spridning av givarstöd. Detta lägger stora bördor på den tanzaniska förvaltningen, vilket är mycket oroväckande för utvecklingsbiståndet, inte minst när det gäller en effektiv tillämpning av Parisdeklarationen i landet.

Bedömningar av övergripande utvecklingseffektivitet i Tanzania tyder på förbättringar sedan mitten av 1990-talet, medan utvecklingen tidigare varit den motsatta. En viktig studie som citeras i utvärderingen går så långt som till att hävda att givarsamfundet bidrog till den tanzaniska ekonomins kollaps i början av 1980-talet. Minskningar av biståndet under de åren spelade en roll, liksom även andra faktorer, men det är rimligt klarlagt att biståndsgivarnas oförmåga att förmå Tanzania att ändra sin politik under mitten och slutet av 70-talet i viss mån bidrog till kollapsen.

Utvärderingen fortsätter med en omfattande kvantitativ kartläggning av det svenska biståndet till Tanzania. Från en relativt blygsam start 1962 ökade detta bistånd stadigt under 1960- och 70-

talen. Från 0,18 miljoner US-dollar 1962 ökade det svenska biståndet till 223 miljoner US-dollar 1977, vilket är den näst högsta noterade nivån någonsin. Sverige dominerade biståndet till Tanzania under 1970-talet och var den största givaren i volym varje år från 1972 till 1979. Under dessa år var det svenska biståndet i hög grad kopplat till Nyerere-administrationens industriutvecklingspolitik och till Nyereres vision om afrikansk socialism. Sverige och andra nordiska regeringar var mycket positiva då de såg likheter med egna socialdemokratiska principer.

Det svenska bilaterala biståndet minskade i volym under början och mitten av 1980-talet till följd av oron över den politiska och institutionella miljön i Tanzania. Trenden ändrades radikalt 1986, efter reformavtalet med IMF, då Sveriges bistånd till Tanzania nådde sin högsta nivå, 240 miljoner US-dollar. Den biståndsnivån var dock kortlivad. Det svenska biståndet minskade i volym 1985 och fortsatte sedan att minska, ned till 64 miljoner US-dollar 1995. Därefter har Sveriges bistånd generellt stigit, trots några minskningar i mitten och slutet av 2000-talet. År 2013 var biståndet 125 miljoner US-dollar.

Något som kännetecknat Sveriges biståndsallokering till Tanzania – utöver den starka ökningen under 1960- och 70-talen – är variationerna år från år, särskilt från och med mitten av 1980-talet och framåt. Mellan 1973 och 1988 finansierades inte mer än 26 aktiviteter i Tanzania av Sverige under något givet år. Under 1991 finansierades 221 aktiviteter. Detta minskade till 92 år 2004, men ökade sedan på bara två år till 261 aktiviteter 2006. Under 2014 finansierades 145 aktiviteter i Tanzania med svenskt bistånd. Detta är obekvämt höga siffror, som ligger avsevärt högre än genomsnittet för biståndsgivare till Tanzania. Detta har också förvärrat fragmenteringsproblemet ytterligare i landet.

Den sektoriella inriktningen på Sveriges bistånd till Tanzania har förändrats markant under åren. Under de tidiga årtiondena präglades biståndet av stöd till Tanzanias industrialiseringsansträngningar. Detta återspeglas i allokeringen av biståndsmedel till utbildning och industri, vilket var den dominerande inriktningen fram till slutet av 1980-talet. Under det årtiondet ändrades inriktningen på Sveriges bistånd till

Tanzania markant. Mot bakgrund av oron för effekterna av den höga inflationen och den tanzaniska regeringens nedskärningar inom områden som hälsa och utbildning under den ekonomiska reformens första skede, argumenterade Sverige aktivt för skuldavskrivningar och skydd av de sociala utgifterna. Perioden från 2000 domineras av ett ökat budgetstöd.

Så vitt teamet som genomfört utvärderingen känner till, har endats en utvärdering av landprogrammet gjorts tidigare när det gäller utvecklingssamarbetet mellan Sverige och Tanzania över tid. Utvärderingen gällde främst effekterna av Sveriges bistånd på Tanzanias ekonomiska tillväxt och perioden 1966 till 1992. Sverige ansågs ha bidragit till en lägre tillväxt under de åren på grund av (a) de tidiga försöken att stödja industrialiseringen, som "inte gick så bra", och genom att man fram till mitten av 1980-talet gav indirekt stöd till en utvecklingsstrategi i Tanzania som visade sig vara ohållbar på grund av dess inåtvända ekonomiska politik, och (b) att man i början av 1980-talet gjorde det möjligt för Tanzania att skjuta upp justeringar av den ekonomiska politiken genom att inte ställa sig bakom de övriga biståndsgivarnas gemensamma kritik av den tidigare politiken. Den sistnämnda slutsatsen har fått omfattande stöd, men inte enhälligt. Bland annat har den motsagts av en viktig informant till den här utvärderingen. Den tidigare utvärderingen visade dock att det svenska biståndet på ett positivt sätt bidrog till formering av humankapital genom stödet till utbildning under 1960- och 70-talen, även om dessa framgångar inte kunde upprätthållas på senare år.

En närmare granskning av fattigdomen i Tanzania visar tydligt att den har varit och fortfarande främst är ett landsbygdsfenomen. Hela 85 % av alla tanzanier som lever i inkomstfattigdom bor på landsbygden. År 2012 var siffran 84 %. Siffrorna är anmärkningsvärda i sig, men än mer anmärkningsvärt är hur förändringarna av inkomstfattigdomen sett ut över tid. I Dar es Salaam minskade inkomstfattigdomen med 24,1 procentenheter mellan 1993 och 2012. I andra städer och på landsbygden minskade fattigdomsnivåerna däremot med 7,2 respektive 6,9 procentenheter under samma period. I grunden samma mönster kan observeras när det gäller fattigdom på

andra områden än inkomst, dvs. tillgång till vatten, sanitet, bostad, utbildning och information – nivåerna är mycket högre på landsbygden och de har minskat klart mer och snabbare i stadsområdena. Detta är grundläggande fakta som inte på något vis antyder att fattigdomen i stadsområden inte är eller inte har varit ett problem, eller att de som bor i dessa områden har haft mindre behov av vägar ur fattigdomen än de som bor på landsbygden. Men det innebär att biståndsgivarna, för att hitta effektiva ingångar till fattigdomsreducering, hade behövt beakta omständigheterna för landsbygdsborna i Tanzania, och reagerat på dessa.

Syftet med utvärderingens granskning av fattigdomen i Tanzania var att identifiera angelägna behov ur utvecklings- eller fattigdomsperspektiv med relevans för fattigdomsreducering i landet. Mer specifikt ville utvärderingen identifiera drivkrafter för fattigdom och fattigdomsreducering som biståndsgivarna, däribland Sverige, kan eller kunde ha använt sig av historiskt i utvecklingssamarbetet. På grundval av en litteraturgenomgång har utvärderingen identifierat ett antal möjliga åtgärder som via det svenska biståndet kunde ha påverkat fattigdomsreduceringen i Tanzania. Slutsatsen av analysen var att i samarbetet med den tanzaniska staten kunde Sveriges bistånd ha bidragit till att minska fattigdomen i Tanzania i den mån det (i) varit fokuserat på landsbygden; (ii) främjat ekonomisk tillväxt; (iii) främjat utformning och genomförande av en politik som gynnar de fattiga; (iv) stöttat ”pro-poor expenditure”; (v) haft förståelse för informella institutioner och i synnerhet klientelism; samt (vi) byggt upp kapacitet för institutionell och politisk utveckling. ”Pro-poor expenditure” är utgifter som (i) främjat ackumulering av fysiskt kapital och humankapital; (ii) underlättat markägande, (iii) skapat tillgång till vattenledningar; (iv) skapat tillgång till bättre sanitetsanläggningar; (v) skapat tillgång till elektricitet; (vi) skapat tillgång till asfalterade vägar; (vii) underlättat tillhandahållande av mobiltelefoni och annan nätbaserad kommunikation, samt (viii) förbättrat bostäder och bastransporter.

Utvärderingens fallstudier av det svensk-tanzaniska utvecklingssamarbetet har valts omsorgsfullt. Urvalet av fallstudier

gjordes på grundval av den information fallstudierna kunde ge i fråga om viktiga tidsperioder, människor, händelser och effekter. I en utvärdering som denna, som omfattar en lång tidsperiod bör fallstudierna belysa teman och trender som är viktiga över tid, och särskilt ge en fördjupad förståelse för förändringar av Sveriges bistånd i den tanzaniska utvecklingskontexten. De måste också väljas ut med kunskaper om Sveriges potential att påverka fattigdomsreduceringen i Tanzania, och med beaktande av de sex drivkrafter som identifierats ovan. Fallstudierna har underbyggts av intervjuer med nyckelinformanter. De intervjuade är svensk högnivåpersonal som arbetar eller har arbetat i Tanzania, företrädare för Tanzanias ministerier inom sektorer i undersökningens fokus, genomförandepartner och andra individer med erkända expertkunskaper och insikt i samarbetet.

Fyra fallstudier valdes ut, vilket reflekterar de resurser som fanns tillgängliga för utvärderingen. Alla fyra är hämtade från sektorer där Sida haft ett finansiellt betydande och långvarigt engagemang. Den första fallstudien går igenom genomförandet av Hesawa-programmet, ett långvarigt vatten- och sanitetsprogram som särskilt syftade till att öka välfärden bland fattiga familjer på landsbygden. Hesawa var en stor finansiell investering som genomfördes under lång tid.

Ur ett AQEF-perspektiv kan två punkter lyftas angående Sveriges stöd till vatten och sanitet i Hesawa-programmet. För det första är det ställt utom tvivel att programmet adresserat ett angeläget behov ur utvecklings- och fattigdomsperspektiv, tack vare fokuseringen på landsbygden (där de flesta fattiga bor) och genom att tillhandahålla medel för vatten och sanitet, som är viktiga faktorer för fattigdomsreducering. För det andra fanns brister när det gäller överensstämmelsen med Parisdeklarationens principer, då det saknades ett brett ägarskap från regeringens, samhällets och hushållens sida. Det är därför inte förvånande att tidigare studier visat att Hesawa haft en begränsad effekt på lokal nivå och misslyckats med att adressera mottagarnas viktigaste problem, som gällde förbättring av levnadsvillkoren och fattigdomsreducering.

Den andra fallstudien går igenom Sveriges stöd till energiinfrastruktur i Tanzania, som i början syftade till att skapa en grund för industrialisering och ekonomisk utveckling enligt Nyereres vision om afrikansk socialism. Under de senare åren kom stödet att fokusera på att förbättra välfärden för de fattiga på landsbygden och adressera hinder för kapacitetsuppbyggnad och en gynnsam utvecklingsmiljö. Energisektorn har varit Sveriges tredje största investeringssektor och en av de mest långvariga.

Ur ett AQEF-perspektiv kan två punkter lyftas om Sveriges stöd till energisektorn i Tanzania. För det första är det tydligt att Sverige med detta stöd i betydande grad har adresserat angelägna behov ur utvecklings- eller fattigdomsperspektiv, och gjort så under en lång tid. Det beror på att tillgången till elektricitet, i synnerhet på landsbygden, är en viktig faktor för fattigdomsreducering. Trots detta och trots många miljoner satsade US-dollar, är energisäkerheten fortfarande låg och de fattigdomsreducerande vinsterna av energiförsörjningen har inte optimerats. Med största sannolikhet har stödet i sig inte minskat fattigdomen mer än till de nivåer som annars skulle ha rått på landsbygden. För det andra speglade inte stödet en tillräcklig medvetenhet om, eller tog inte tillräcklig hänsyn till, bristen på lokal kapacitet inom energisektorn – kapacitet saknades inte bara när det gällde att hantera avancerade energiinvesteringar, utan även för att skapa en gynnsam miljö för en hållbar energiförsörjning och prissättning.

Den tredje fallstudien tar upp Sveriges stöd till utbildning, som är den viktigaste sociala sektorn för det svenska biståndet. Utöver utbildningsstödets multidimensionella relation till fattigdomsreducering och välfärd valdes fallstudien för att belysa viktiga förändringar i biståndsgenomförandet under en lång period, från projekt- till programstöd och så småningom till budgetstöd. Utbildning är den enskilt största investeringen från Sveriges sida på sektorsnivå, bara det är skäl att ta med området som en fallstudie. I fallstudien granskas också det svenska stödet till uppbyggnad av forskningskapacitet i Tanzania, som har syftat till att förbättra dels

formuleringen av utvecklingspolitiken, dels genomförandet och det inhemska ägarskapet av ekonomiska reformåtgärder.

Två övergripande kommentarer kan göras om Sveriges stöd till utbildning och forskning ur ett AQEF-perspektiv. För det första har stödet adresserat ett angeläget behov ur utvecklings- eller fattigdomsperspektiv, med tanke på den roll som utbildning spelar för fattigdomsreducering. Med det sagt kan stödets effekter när det gäller fattigdomsreducering ha begränsats av att man intialt delvis fokuserade på yrkesutbildning. Ett större fokus på primärutbildning hade troligen haft större potential för fattigdomsreducering. På senare år har stöd getts till primärutbildning genom budgetstöd, vilket i viss mån uppväger denna iakttagelse. Det svenska stödet har också adresserat ett angeläget behov genom att sträva efter att förbättra kapaciteten för beslutsfattande inom utvecklingspolitiken. Detta har skett genom finansiering till universitetsforskning, och det verkar som om satsningen har lyckats nå sina mål. För det andra, när det gäller Parisdeklarationens principer, har stödet anpassats till regeringens prioriteringar, särskilt under de tidigare åren, men det har samtidigt funnits problem i fråga om ägarskap. Utöver detta är det svårt att säga mer om stödets eventuella fattigdomsreducerande effekter då det saknas dokumentation.

I den fjärde fallstudien granskas Sveriges stöd till Tanzanias agenda för fattigdomsreducering genom tillhandahållande av generellt budgetstöd (GBS). Den här fallstudien valdes på grund av att den fokuserar på en viktig period i Sveriges stöd till Tanzania – från början av 2000-talet då agendan för biståndseffektivitet i Tanzania hamnade i förgrunden – och för att den är direkt inriktad på insatser för fattigdomsreducering som genomförs med den relativt nya metoden budgetstöd. En viktig punkt i fråga om Sveriges generella budgetsstöd var att det backade upp den tanzaniska statens nationella strategi för tillväxt och fattigdomsreducering, kallad Mkukuta. Sverige var en av flera biståndsgivare som enades om att ge stöd till Mkukutas sex prioriterade sektorer, jordbruk, utbildning, energi, hälsa, vägar och vatten.

Utvärderingens granskning av Sveriges generella budgetstöd lyfter ett antal AQEF-relaterade aspekter. Budgetstödet till Mkukuta överensstämde med angelägna behov ur utvecklings- eller fattigdomsperspektiv genom att främja utgifter för jordbruk, utbildning, energi, vägar, hälsa och vatten, som alla har potential att gynna de fattigaste. Det finns också mycket som tyder på att stödet har lett till större investeringar i utveckling än vad som annars hade varit fallet, även om det saknas belägg för hur stödet bidragit till fattigdomsreducering. Det generella budgetstödet har också inneburit ett skifte från givarskap (där biståndsgivaren spelar en dominerande roll) mot mottagarens ägarskap, som stämmer bättre överens med Parisdeklarationens principer om effektivt bistånd. Till sin karaktär stämmer stödet väl överens med Parisdeklarationens principer om anpassning och harmonisering, eftersom Sverige tillhandahåller stödet tillsammans med andra givare. Stöd till att stärka statens system är också i linje med principerna om medvetenhet om den lokala kapaciteten för utveckling och om att bidra till att bygga upp kapacitet. På minussidan verkar det som om det svenska generella budgetsstödet inte i tillräcklig grad präglats av medvetenhet om klientelism, vilket framgår av problemen med korruption.

Har det svenska bilaterala utvecklingsbiståndet bidragit till fattigdomsreducering i Tanzania över tid, och i så fall hur? I den här utvärderingen försöker vi besvara frågan genom att dela upp perioden med bilateralt utvecklingssamarbete mellan Sverige och Tanzania i tre perioder. De tre perioderna är dels vad som i utvärderingen benämns den tidiga fasen och expansionsfasen (som omfattar åren 1962–1982), dels åtstramnings- och anpassningsfasen (1983–1996) och slutligen expansionsfasen efter anpassningen (1996 till nutid). Svaren på utvärderingens frågor relativt dessa perioder grundas på bedömningar av var och en av de tre AQEF-komponenterna. Dessutom beaktas information som granskats med avseende på den bredare bild som definieras ovan samt kvalitativ bedömning och fallstudier.

Perioden 1962–1982 präglades av goda intentioner och stark optimism. Trots det framgår det tydligt av tillgänglig dokumentation att det var två årtionden av bortkastade utvecklingsmöjligheter. En del

solida resultat åstadkoms visserligen, särskilt i fråga om multidimensionella framsteg mot fattigdom (inom hälso- och utbildningssektorn), men den ekonomiska krisen i början av 1980-talet, med negativ ekonomisk tillväxt och galopperande inflation, ledde till att dessa framsteg antingen raserades eller tappade fart.

I utvärderingen dras på grundval av tillgängliga belägg slutsatsen att det svenska biståndet mellan 1962 och 1982 levererades på ett sätt som överensstämmer med Parisdeklarationens principer och att man troligen var medveten om kapaciteten för utveckling och agerade i enlighet med den. Trots dessa positiva betyg i AQEF-bedömningen är det bästa svaret på frågan om det svenska bilaterala biståndet bidrog till fattigdomsreducering under den perioden troligen att det inte gjorde det, eftersom vinster från periodens första del, med stöd till landsbygdssektorn och utbildning, inte kunde upprätthållas på grund av den ekonomiska krisen i början av 1980-talet. Huvudskälet är anpassningen till den tanzaniska statens utvecklingsstrategi för slutet av 1960-talet och 1970-talet. Oavsett hur mycket det svenska biståndet stämde överens med principerna för biståndseffektivitet verkar det ha varit dömt att misslyckas, då man inte arbetade med den tanzaniska staten för att den skulle ta itu med politiska och institutionella brister i strategin.

Perioden 1983–1996 var en svår tid för Tanzania och dess givarpartner. Miljön för biståndseffektivitet under den här perioden var sådan att det är svårt att föreställa sig att någon bilateral givare kan ha bidragit till fattigdomsreducering. En del dokumentation tyder på att fattigdomen ökade väsentligt under denna period, och att den troligen var större 1996 än i mitten av 1970-talet. Den tanzaniska statens relationer med det internationella givarsamfundet var stundtals mycket dåliga och biståndsflödena osäkra. Det bör noteras att ett ekonomisk reformpaket överenskoms med givarsamfundet, men genomförandet försenades och det uppstod frågor kring det lokala ägarskapet för paketet.

I utvärderingen dras slutsatsen att det svenska bilaterala biståndet till Tanzania under perioden 1983–1996 (i) inte alltid kännetecknades av överensstämmelse med Parisdeklarationens principer; (ii) var

inriktat på angelägna behov ur utvecklings- eller fattigdomsperspektiv; men (iii) inte alltid präglades av medvetenhet om lokala kapacitetsbegränsningar. Det får alltså bra poäng när det gäller den andra AQEF-komponenten, men svagare betyg i fråga om den första och den tredje komponenten. Som bäst kan det svenska biståndet ha bidragit marginellt till fattigdomsreducering, och åstadkommit fattigdomsnivåer som hade varit något högre utan stödet.

Åren från 1997 och framåt var betydligt mer utvecklingsvänliga än de föregående, med en mycket gynnsammare miljö för alla biståndsgivare. Givarstödet till Tanzania sköt i höjden och landet blev en av det internationella givarsamfundets favoriter. Både andelen och antalet tanzanier som levde i extrem fattigdom började minska, liksom antalet tanzanier som levde på mindre än $1,25/dag (ppp). Relationerna mellan den tanzaniska staten och biståndsgivarna förblev i vissa fall något spända, men förbättrades och stabiliserades trots att det då och då uppstod frågor om tilliten mellan parterna. Den ekonomiska återhämtningen var på god frammarsch, med stabila tillväxtkurvor och rimligt låg inflation. De sociala utgifterna var mycket högre än under tidigare år. Biståndsgivarna ansågs allmänt ha spelat en positiv roll för den tanzaniska ekonomins vändning och bärkraftiga tillväxt, trots biståndets betydande spridning och fragmentering under perioden, något det svenska biståndet var en bidragande faktor till.

I utvärderingen dras slutsatsen att det svenska biståndet under perioden från 1997 och fram till i dag har adresserat angelägna behov ur utvecklings- och fattigdomsperspektiv i Tanzania, men när det gället medvetenhet om kapaciteten för utveckling och agerande i enlighet med detta är underlaget mer tvetydigt. Utvärderingen finner belägg för en allmän överensstämmelse med Parisdeklarationens principer. På grundval av dessa iakttagelser dras i utvärderingen slutsatsen att det svenska biståndet troligen har bidragit marginellt till fattigdomsreducering i Tanzania sedan 1997, trots invändningarna gällande den ökande bördan för den tanzaniska förvaltningen – som Sverige bidragit till – och trots problemen med klientelism. Viktigt för denna slutsats har varit Sveriges fokus på generellt budgetstöd. Det

har stöttat utgifter som gynnat de fattiga och stärkt den tanzaniska staten.

Vad kan denna utvärdering lära oss för dagens utvecklingssamarbete? Vi föreslår fem övergripande lärdomar.

Den första gäller den så kallade "ägarskapsparadoxen". Med ägarskap avses i vilken omfattning utvecklingsländerna driver sin egen utvecklingspolitik och sina egna utvecklingsstrategier, samt styr sitt eget utvecklingsarbete på fältet. Sverige har sedan biståndet till Tanzania inleddes främjat Tanzanias ägarskap av den egna utvecklingspolitiken och utvecklingsstrategierna. Men under långa perioder, särskilt 1970- och 80-talen, var den tanzaniska staten mindre kapabel att genomföra biståndet, vilket gjorde att Sverige i huvudsak fick förlita sig på en givarskapsansats, och satsa på projekt utanför partnerregeringens system. Paradoxalt nog främjades vad som kan beskrivas som högnivåägarskap, medan ägarskapet på lägre nivå äventyrades av partnerregeringens brist på genomförandekapacitet. Lärdomen är att biståndsgivarna måste vara medvetna om bägge lagren av ägarskap, och inse att främjandet av ägarskap på den ena nivån inte innebär några garantier för den andra. Det här lyfter ett problem med Parisdeklarationens principer – stöd som levereras i enlighet med principerna kan inte antas vara effektivt om det inte samtidigt finns tillräcklig lokal kapacitet för utveckling.

Den andra lärdomen handlar om motsättningarna mellan kortsiktiga resultat och långsiktiga effekter. Fallstudierna Hesawa och Energi belyser dessa spänningar. Det politiska kravet att motivera biståndsutgifter är av central betydelse för biståndsgivare. Det leder ofta till en fokusering på kortsiktiga resultat, i stället för hållbara långsiktiga effekter. Lärdomen blir att biståndsgivarna måste vara medvetna om de motsättningar som uppstår när man samtidigt vill uppnå både kort- och långsiktiga resultat, och försöka minska de negativa konsekvenserna av dessa motsättningar. Vi påstår inte att biståndsgivarna och deras partner i utvecklingsländerna inte är medvetna om denna typ av spänningar, utan i sammanhanget syftar vår kommentar till att påminna om och understryka vikten av problemet.

Den tredje lärdomen handlar om vikten av påverkansarbete och dialog. Tanzania har på senare tid gjort solida framsteg inom utveckling och fattigdomsreducering, men står fortfarande inför många stora utmaningar. Den största utmaningen är att minska fattigdomen på landsbygden. Biståndsgivarna måste kontinuerligt framhålla vikten av att hålla fokus på fattigdomen, de sociala sektorerna, bra styrelseformer (bland annat kampen mot korruption) och civilsamhälle i arbetet för att möta dessa utmaningar. Vikten av påverkansarbete leder oss vidare till dialogaspekterna. Biståndsgivarna kan ägna sig åt påverkansarbete så mycket de vill, men om det ska ha någon effekt när det gäller att förmå partnerregeringarna att bete sig på ett sätt som kan främja en god utveckling krävs en konstruktiv dialog mellan de två parterna. Det finns många historiska exempel i biståndet till Tanzania som belyser detta. Ett exempel är att en effektiv dialog kunde ha förmått Nyerere-regeringen att ändra sin politiska hållning under de år som ledde fram till den ekonomiska kollapsen i början av 1980-talet.

Den fjärde lärdomen gäller spridningen och fragmenteringen av biståndsinsatser i Tanzania. Problemet är inte begränsat till Tanzania, men det är särskilt allvarligt där. Enligt de senaste uppgifterna, som gäller 2014, har biståndsgivare finansierat 3 308 aktiviteter i Tanzania, vilket är dubbelt så många som finansierades 2000. Detta, i kombination med antalet biståndsgivare med närvaro i Tanzania och antalet sektorer de är aktiva i, innebär en enorm press på den tanzaniska staten. Detta är vida erkänt. Det behövs åtgärder för att minska spridningen och fragmenteringen, och det finns inget uppenbart skäl till varför Sverige inte skulle ta ledningen i detta. Det som krävs är inte bara ett mer programinriktat fokus hos varje enskild biståndsgivare, utan också en samordning mellan givarna som kan garantera en lämplig arbetsfördelning mellan de sektorer man stödjer.

Den femte lärdomen är att policy och institutionell förmåga spelar en stor roll för biståndets effektivitet, men det gör även politiken. Frågan om vilken roll policyer och institutioner spelar för biståndets effektivitet har debatterats intensivt i vissa kretsar under de senaste tjugo åren. På grundval av iakttagelserna i den här utvärderingen

framstår Tanzania som ett tydligt exempel på att policy och institutionell förmåga spelar en stor roll för biståndets effektivitet. Budskapet till biståndsgivarna är tydligt – fortsätt samarbetet med den tanzaniska regeringen för att främja policyer och institutionellt beteende som kan främja utvecklingseffekter.

Ytterligare två underordnade lärdomar kan härledas från detta. Den första är att det inte bara är formella institutioner som spelar roll, utan även informella. Biståndsgivarna måste vid utformningen och genomförandet av biståndsprogram vara medvetna om hur de informella institutionerna i Tanzania (och på andra håll) ser ut och fungerar. Den andra är att samtidigt som policyerna spelar roll, så gör även den övergripande politiken det. Som framgår i Tanzanias fall har en avgörande framgångfaktor – både för uppbyggnaden av institutioner och genomförande av adekvata policyer – i det typiska fallet varit att en lokal aktör har ett eget intresse av ett mål som givarna stöder. För att biståndsgivarna ska kunna arbeta effektivt mot sina utvecklingsmål i partnerländerna, måste de förstå den politiska logik som driver partnerländernas policyer.

Utvärderingen avslutas med några kommentarer kring ramverket AQEF. Ramverket har många styrkor, bland annat att det kan användas för att studera många situationer där man inte direkt kan observera eller kvantifiera effekterna av utvecklingssamarbete och att det inte kräver kunskaper om det kontrafaktiska scenariot. En svaghet är tvetydigheten när det gäller förhållandet mellan de tre komponenterna. För framtiden krävs en större konceptuell klarhet för att undanröja denna tvetydighet vid övergripande AQEF-bedömningar.

Summary

This evaluation assesses the contribution of long-run development co-operation between Sweden and Tanzania to poverty reduction in Tanzania. It focusses on the entire history of this development co-operation, from 1962 to the present.

The evaluation was guided by two overall questions:

1. Has Swedish aid contributed to poverty reduction in Tanzania over time, and if so, in what way?

What are the important lessons for Swedish development co-operation today?

The main objective of the evaluation is to provide grounded and elaborated responses to these questions and to highlight potential lessons for Swedish development assistance. The evaluation involves the application of an explicit model or method for evaluating the performance of bilateral assistance to an individual partner country. Strengths, weaknesses, and the general applicability of the evaluation model will also be considered.

The model used in the evaluation is known as the Aid Quality Evaluation Framework (AQEF). AEQF was first used for three evaluations commissioned by the Swedish International Development Agency in 2010. These evaluations were of Sweden's long-run development co-operation with each of Laos, Sri Lanka and Vietnam. The respective time periods of this co-operation were 53, 44 and 38 years. AQEF has subsequently been further developed and was most recently used in an evaluation conducted during 2014 and 2015 that was commissioned by the United Kingdom (UK) Department for International Development of development co-operation between the UK and Vietnam over the period 1998 to 2015. Each of these evaluations looked at the contribution of the development co-operation in question to poverty reduction in the recipient countries, and identified lessons learned for future such co-operation.

AQEF is a heuristic tool catering for the many situations in which it is not possible to directly observe or quantify the impact of development co-operation on poverty reduction, or for that matter a range of other intended outcomes of such co-operation. It essentially guides the evaluation, conditioning the lines of enquiry in the application of the chosen research methods. AQEF consists of three components, which are: (i) consistency with Paris Declaration principles for aid effectiveness adopted by the donor community in 2005; (ii) consistency with pressing (poverty reducing) development needs in the recipient country; and (iii) cognizance of various development capacities.

AQEF does not require knowledge of the counterfactual, of what poverty levels would have been in absence of the development co-operation in question. It instead asks whether this co-operation might have made a contribution to poverty reduction, whether it is likely that the level of poverty in the recipient country in question would have been higher in its absence.

If in the application of AQEF it is found that the development co-operation in question has addressed, or been targeted towards pressing development challenges insofar as poverty reduction in the recipient country is concerned, if it has been delivered in a manner consistent with the Paris Principles, and has been delivered in a manner that is cognizant with recipients ability to absorb and donor's capacity to deliver aid for development purposes, then one would tend to conclude that it has contributed to poverty reduction in the recipient. Of course, reality is such that it might not be possible to draw such an unambiguous conclusion from the AQEF application. In this situation careful judgement will be required to assess the likely contribution to poverty reduction of the development co-operation being evaluated.

The application in this evaluation of AQEF and analysis of supporting or supplementary information was conducted using mixed methods research that employs quantitative and qualitative methods in a complementary way to interrogate different types of evidence about the context, evolution, and outcomes of Swedish bilateral development assistance to Tanzania. This approach is grounded in the

understanding that adopting different but complementary lines of enquiry invariably leads to more robust and credible evaluation results. Key to this evaluation's mixed method approached is enquiry based on case studies and key informant interviews, as outlined below.

The evaluation commenced with looking at the big picture, the broader context in which Swedish bilateral development assistance to Tanzania needs to be viewed. This involved examining: (a) Tanzanian multidimensional poverty reduction achievements over time; (b) Tanzania's policy settings, institutional performance and macroeconomic performance since the early 1960s; and, (c) its overall aid donor community support over the same period to the present and at assessments of the development effectiveness of this aid.

Tanzanian poverty data are scarce, but the data that are available tell us that after increasing between 1992 and 2000, poverty rates based on international poverty lines have since fallen. This is especially the case with the $PPP1.25 poverty line, with the proportion of Tanzanians living below this line having fallen from 84% to 43% between 2000 and 2012. That said, there are more Tanzanians living in poverty based on these poverty lines in 2012 than some 21 years previously, in 1992. Improvements are also evident with respect to achievements in health, education, water and sanitation, although primarily school completion rates are currently lower than in the early 1980s.

Tanzania's macroeconomic performance and policy and institutional settings has been well documented. It is a gross understatement to note that this performance has been variable. The 1960s and 1970s were characterized by volatile economic growth and rising inflation. The early 1980s witnessed economic collapse owing in part to what are generally considered to have been inappropriate policies and institutional performance during the Nyerere years, in which a vison of African Socialism was pursued. This vision involved the promotion of structural economic transformation from an agriculture-based to industry-based economy based on self-reliance. It involved "villagization" policy, which moved rural populations into new villages to encourage socialist-oriented production supported by

co-operatives. A number of other factors, beyond the control of the Tanzanian government made the 1980s collapse worse. These include international oil price rises, a severe drought in 1974 and 1975, declining world prices for cash crop exports and war with Uganda in 1978. After years of resisting pressure for economic reform and deteriorating relationships with aid donors, Tanzania requested an IMF Stand-by Agreement in August 1986 and the economic reforms that this entailed. It was not until 1996 that a sustained recovery was achieved, and since then impressive rates of economic growth have been achieved. Policy and institution stance has improved substantially from this year and has shown overall improvement since.

Donor support for Tanzania has been rather like its development record. It has risen, fallen, partially recovered and then followed an upward although rather unstable trend since 1996. It is fair to say that when donors have had confidence in Tanzanian development policy they have provided very strong support, both in terms of the volume of aid and the number of supporting donors. This is encouraging as it is suggestive of strong alignment between government policy and donor support. ODA relative to GDP peaked at 36% in 1992, but has subsequently followed a downward trend. ODA relative to population and recurrent government expenditure follow the same trend. This is in spite of an upward trend in absolute levels of ODA over this period. Increasing absolute levels of ODA have not been without complication, however, with clear evidence of being associated with significant fragmentation and proliferation of donor support. This is extremely worrying on the developmental grounds, including the effective implementation of the Paris Declaration in Tanzania, owing to the burden it places on the Tanzanian bureaucracy.

Assessments of the overall developmental effectiveness of aid to Tanzania suggest that while it has played a generally positive role in this regard since the mid-1990s, the reverse is the case for earlier years. An influential study cited in the evaluation goes so far as to consider that the donor community contributed to the early 1980s collapse of the Tanzanian economy. Reductions in aid in these years played a role and other factors played a role, but it is reasonably clear that a failure

of donors in the mid- to late 1970s to challenge the Tanzanian Government to change its policies certainly played a role in this collapse.

The evaluation then turned to a largely quantitative examination of Swedish ODA to Tanzania. This ODA rose steadily from its relatively humble quantitative origins in 1962 throughout the 1960s and 1970s. From a base of $0.18 in 1962, Swedish bilateral aid reached $223 million by 1977, its second highest recorded level ever. Sweden dominated Tanzanian ODA receipts in the 1970s, being the top ranking donor in terms of volume in every year from 1971 to 1979. During these years Sweden closely aligned itself with the industrial development policies of the Nyerere government and, more generally, to the concept of African Socialism promoted by Nyerere. Sweden and the other Nordic governments were most comfortable with this concept given many commonalities with their own social democratic principles.

Swedish bilateral aid volume fell for much of the early- to mid-1980s owing to concerns over the policy and institutional environment in Tanzania. This trend was strikingly reversed in 1986, after the reform agreement with the IMF, when Swedish ODA to Tanzania reached its highest ever level, at $240 million. This level of support was, however, short lived. Swedish aid fell in volume in 1985 and continued to trend downward again, reaching $64 million in 1995. Swedish ODA then commenced an overall upward trend thereafter, despite declines in the mid- to late-2000. It stood at $125 million in 2013.

A feature that characterizes Swedish ODA allocation to Tanzania aside from its strong upward trajectory during the 1960s and 1970s, it is its year-on-year variability, especially from the early- to mid-1980s onwards.

Between 1973 and 1988 no more than 26 activities were funded by Sweden in Tanzania in any one year. In 1991, 221 activities were funded. This fell to 92 in 2004, but then jumped to 261 activities in just two years, in 2006. In 2014, Swedish ODA-funded 145 activities

in Tanzania. These numbers are uncomfortably high, and are well above the donor average in Tanzania. This has made an already bad fragmentation problem worse.

The sectoral focus of Swedish ODA to Tanzania has changed markedly over the years. A feature of Swedish ODA during the early decades was its support for Tanzania's industrialization efforts. This is reflected in ODA funds allocated to education and industry, which dominate the sectorial focus of Swedish ODA to Tanzania until the late 1980s. A major change in the orientation of the Swedish ODA program in Tanzania occurred in the 1980s. Concerned about the impacts of high inflation and cuts in Tanzanian government expenditure on areas including health and education during the initial period of economic reform, Sweden played an active role in arguing for debt cancellation and the protection of social expenditures. The period from 2000 is dominated by the rise of budget support.

To knowledge of the team that conducted this evaluation, only one country program-wide evaluation of development co-operation between Sweden and Tanzania over time has been conducted. That evaluation was primarily concerned with the impact of Swedish ODA on Tanzanian economic growth and its determinants during the period 1966 to 1992. Sweden was thought to have contributed to lower growth during this period through: (a) its early attempts to support industrialization, which "did not fare well" by indirectly supporting up to the mid-1980s a development strategy in Tanzania that proved to be unviable largely due to its inward looking economic policies and; (b) making it possible in the early 1980s for Tanzania to delay economic policy adjustment by being reluctant to join donor critiques of earlier policies. The second of these conclusions has widespread although not universal support, and was disputed by a key informant of the present evaluation. The earlier evaluation did, however, find that Swedish aid made a positive contribution to human capital formation through its support for education in the 1960s and 1970s, although these achievements were not sustained in later years.

A closer examination of poverty in Tanzania clearly shows that it has been and remains primarily a rural phenomenon. Eighty-five

percent of Tanzanians living in income poverty resided in rural areas, compared to 84 percent in 2012. These numbers striking in their own right, but more striking are changes in income poverty rates over time. The income poverty rate in Dar es Salaam fell by 24.1 percentage points between 1993 and 2012. In contrast, the poverty rates in other urban and rural areas fell by 7.2 and 6.9 percentage points over the same period. Basically the same experience is observed for poverty in non-income dimensions relating to water, sanitation, shelter, education and information: rates are much higher in rural areas and have fallen over time by much larger margins in urban areas. These basic empirical facts do not for a moment suggest that poverty in urban areas is or has not been an issue or that inhabitants of these areas have been less deserving of pathways out of poverty than their rural counterparts. But it is to imply that if substantial inroads into poverty reduction were to have been achieved by donors, they must have been cognizant of and responded primarily to the circumstances of rural dwellers in Tanzania.

The evaluation's closer examination of poverty was intended to identify pressing, poverty reducing, development needs in Tanzania. Specifically, its intent to identify those drivers and poverty and its reduction that donors, including Sweden, can potentially drive, or could have driven in the history of development co-operation with Tanzania. Based on a literature review, the evaluation identified a number of possible actions through Swedish aid that may have had an impact on poverty reduction in Tanzania. Through working with the Tanzanian government, Swedish aid might have reduced poverty in Tanzania if it: (i) had a focus on the rural areas; (ii) promoted economic growth; (iii) promoted the design and implementation of pro-poor development policies; (iv) supported pro-poor expenditures; (v) had an understanding of informal institutions and in particular clientelism; and, (vi) built bureaucratic and policy development capacity. The pro-poor expenditures are those which (i) promoted accumulation of physical and human capital; (ii) facilitated increased ownership of land, (iii) provided access to piped water; (iv) provided access to improved sanitation facilities; (v) provided access to electricity; (vi) provided access to tarmac roads; (vii) facilitated the

provision of mobile telephone facilities and other connectivity driven communication; and (viii) improved housing and basic transportation.

The evaluation's case studies of Swedish-Tanzanian development co-operation were selected purposively. Purposive case study selection involves selecting cases for the richness of information they provide in relation to key time-periods, people, events and impacts. In evaluations such as this, which cover long time periods, case studies must elucidate key themes and trends over time and in particular provide an in-depth understanding of changes in Sweden's aid delivery within the Tanzanian development context. They must also be chosen with knowledge of the potential ways that Sweden might have been able to influence poverty reduction in Tanzania, taking into account the six ways Swedish aid might have reduced poverty identified above. Importantly, the case study investigation was augmented by key informant interviews. The key informants interviewed were comprised of Swedish high-level staff with current or previous working experience in Tanzania, representatives from Tanzanian ministries in the sectors reflecting the focus of the study, implementing partners, and other individuals with recognised expertise and insight of the co-operation.

Reflecting the resources available for this evaluation, four case studies were selected. Each are in sectors where Sida has had a financially substantial and long-standing engagement. The first case study reviews the implementation of HESAWA, a long running water and sanitation program that specifically aimed to increase the welfare of poor rural families. HESAWA was a large financial investment delivered over a long period.

From an AQEF lens, two points can be made about Swedish support for water and sanitation through the HESAWA program. First, the program certainly addressed a pressing development need. It did so through a focus on rural areas, where the majority of the poor live, and by providing funding for water and sanitation, which are important for poverty reduction. Second, there was an inconsistency with the Paris principles, owing to a lack of widespread ownership by the government, community and households. It is not perhaps

surprising, therefore, that HESAWA, according to previous studies had a limited impact at the local level failed to directly address the key concerns of beneficiaries, which related to livelihood improvement and poverty reduction.

The second case study reviews Sweden's support for energy infrastructure in Tanzania, which in the beginning aimed to set the foundation for industrialization and economic development under the Nyerere vision of African Socialism and in the latter years focused on improving the welfare of the rural poor and addressing capacity and enabling environment constraints. Energy was Sweden's third largest sectoral investment and one of its most long running.

Two points can be made from an AQEF perspective regarding Sweden's support for the energy sector in Tanzania. First, it is clear that with this support Sweden significantly addressed a pressing development challenge, and did so over a long period of time. This is because access to electricity, especially in rural areas, is an important driver of poverty reduction. Despite this and many millions of dollars, energy security remains low and the poverty reducing benefits of energy provision have not been optimized. As such this support has in all probability not reduced poverty, below those levels that would have otherwise prevailed, in rural areas. Second, this support was not sufficiently cognizant or did not appropriately respond to a lack of local capacity in the energy sector, not just to manage sophisticated energy investments, but also to create an enabling environmental for sustainable energy provision and pricing.

The third case study examines Sweden's support for education, which is the key social sector supported by Sweden. Aside from the multidimensional poverty reduction and welfare aspects of education support, this case study was chosen as it highlights key shifts in aid delivery over a long period, from project to program aid and ultimately to budget support. Education is also the single most significant financial investment made by Sweden at the sectoral level and warrants inclusion as a case study for this reason. This case study also looks at Swedish support for building research capacity in Tanzania, which has aimed at improving development policy

formulation and implementation and domestic ownership of economic reform measures.

Two overall comments can be made of Sweden's support for education and research from an AQEF perspective. First, this support has addressed a pressing development need given the importance of education for poverty reduction. That noted, its poverty reducing impact has arguably been lessened through its partial early focus on vocational training. A greater focus on primary education would have been likely to have had greater poverty reducing potential. Support in more recent years, however, provided funding for primary education through budget support mitigates against this finding. Swedish support has further addressed a pressing need by seeking to enhance development policy making capacity through its funding for university research, and has seemingly achieved success in this objective. Second, with regard to the Paris principles, this support has been aligned to government priorities, especially in the early years, although there have been issues regarding ownership. Beyond this is it difficult to say more about the likely poverty reducing impacts of this support owing to a lack of evidence.

The fourth case study reviews Sweden's support for Tanzania's poverty reduction agenda through the provision of general budget support (GBS). This case study was chosen as it focuses on a key period in Sweden's support for Tanzania - from the early 2000s when the development effectiveness agenda in Tanzania came to the fore - and it focuses directly on poverty reduction efforts delivered through the relatively recent general budget support modality. A highlight of Swedish GBS was it backing of the Government of Tanzania's National Strategy for Growth and Reduction of Poverty (NSGRP), known by the Kiswahili acronym MKUKUTA. Sweden as among a number of donors that agreed to support MKUKUTA's six priority sectors of agriculture, education, energy, health, roads and water.

This evaluation's examination of Swedish GBS provides a number of AQEF-related perspectives. Through its support for MKUKUTA it was consistent with pressing development needs by promoting expenditure on agriculture, health, energy, roads, health and water,

each of which have the potential to be pro-poor. There is also evidence that suggests that this support has led to higher development spending than would otherwise have been the case, although there is a lack of evidence of its contribution to poverty reduction. Support for GBS has also signified a move away from donorship (where donors play a dominate role on the ground in the delivery of aid activities) to recipient ownership, which is consistent with the Paris principles for effective aid. It is also consistent with the Paris principles of alignment, by its very nature, and harmonization given that Sweden is one of a number of donors providing GBS. Support for strengthening government systems is also consistent with being cognizant of and building local development capacity. On the negative side, Swedish support for GBS has not it seems been sufficiently cognizant of clientelism, as is evident from the above-noted problems with corruption.

Has Swedish bilateral development aid contributed to poverty reduction in Tanzania over time and, if so, how? This evaluation attempts to answer this question by breaking the period of bilateral development co-operation between Sweden and Tanzania into three periods. The three periods are what are described in the evaluation as the Early and Expansion phases (covering the years 1962 to 1982), the Contraction and Adjustment Phases (1983 to 1996) and the Post-Adjustment Expansion Phase (1996 to the present). The answers to the evaluation question for each of these periods is based on assessments based on each of the three AQEF components, and information examined both in consideration of the big picture defined above, qualitative investigation and the case study and key information investigation.

The period 1962 to 1982 was characterized by good intentions and much optimism. Yet it is reasonably clear from available evidence that it is two decades of wasted development opportunities. There were of course solid early achievements, especially with respect to multidimensional poverty achievements (in health and education), but the economic crisis of the early 1980s with negative economic growth

and galloping inflation that either saw the reversal of these achievements or a slowing in their rate of increase.

This evaluation concludes that based on available evidence Swedish aid during 1962 to 1982 was delivered in a manner consistent with the Paris principles and was probably cognizant of and acted in accordance with development capacities. Despite these positive AQEF assessments, the best answer to the question of whether Swedish bilateral aid contributed to poverty reduction in this period is that in all probability it did not, with any gains from the early part of the period from support for the rural sector and education not being sustained owing to the economic crisis of the early 1980s. The main reason for this is its alignment with the Tanzanian government development strategy of the late 1960 and 1970s. No matter how consistent Swedish aid might have been with various aid effectiveness principles, it seemed doomed to failure by not working with the Tanzanian government to address policy and institutional failures associated with this strategy.

The period 1983 to 1996 was a difficult time for the Tanzanian Government and its donor partners. The enabling environment for aid effectiveness during this period was such that it is difficult to imagine that any bilateral donor could have contributed to poverty reduction. As some of the available evidence suggests, poverty in 1996 was most probably higher than in the mid-1970s and climbed appreciably during this period. Tanzanian government relations with the international donor community were at times bad and aid flows were volatile. Importantly, an economic reform package was agreed with the donor community, yet there were delays in its implementation and questions regarding local ownership of it.

The evaluation concludes that Swedish bilateral aid to Tanzania during 1983 to 1996: (i) was not always characterized by a consistency with the Paris principles; (ii) did target pressing development needs; and; (iii) and was not always cognizant of local capacity constraints. As such it scores well against AQEF component two, but with mixed assessments against components one and three. At best Swedish aid might have made a marginal contribution to poverty reduction,

ensuring poverty levels that would have been slightly higher in its absence.

The years from 1997 onwards were much more development-friendly than those preceding them, with a much better enabling environment for all donors. Donor support for Tanzania surged, with it becoming one of the so-called 'darlings' of the international donor community. Both the proportion and number of Tanzanians living in extreme poverty commenced to decline, as did the number of Tanzanians living on less than $PPP1.25 per day decline. Relations between the Government of Tanzania and donors, while still subject to the occasional tension, improved and were more stable, despite issues of trust emerging at times. Economic recovery was well under way, with solid growth rates and reasonably low inflation. Social expenditures were much higher than in previous years. Donors were considered to have in general played a positive role in the turnaround of and sustained growth achieved by the Tanzanian economy. This is in spite of the significant aid proliferation and fragmentation during the era, to which Sweden was a contributor.

The evaluation concludes that Swedish aid did address pressing, poverty reducing, development needs during the period 1997 to the present, although finds mixed evidence of a cognizance of development capacities and acting in accordance with this cognizance. It does, however, find evidence of a general consistency with the Paris principles. Based on these findings, the evaluation concludes that Swedish aid has in all probability made a marginal contribution to poverty reduction in Tanzania since 1997, concerns regarding the increased burden on the Tanzanian bureaucracy, to which Sweden has contributed, and clientelism, notwithstanding. The main justification for this has been the Swedish focus on GBS. This has supported pro-poor expenditures and the strengthening of Tanzanian government systems.

What can we learn from this evaluation for present day development co-operation? The evaluation provides five overall lessons.

The first is what is called the "paradox of ownership". Ownership is the extent to which developing countries lead their own development policies and strategies, and manage their own development work on the ground. Throughout the entire history of its aid to Tanzania, Sweden has promoted Tanzanian ownership of its own development policies and strategies. Yet for much of the history, especially during the 1970s and 1980s, the Government of Tanzania became less capable of implementation, which led Sweden to rely primarily on a donorship approach to aid by relying on projects and bypassing partner government systems. The paradox is that while supporting what might be described as high level ownership, lower level ownership was compromised owing to a lack of partner government implementation capacity. The lesson is that donors need to be conscious of the dual layers of ownership, and that promoting it at one level does not guarantee it at another. This also points to an issue concerning the Paris principles: that aid delivered in accordance with these principles cannot be assumed to be effective unless there is sufficient local development capacity.

The second lesson concerns tensions between short-run results and long-run impact. The HESAWA and Energy case studies pointed to this tension. The political imperative to justify aid spending is of paramount concern to donors. This often leads to a short-run output-based focus with regard to results, as opposed to the sustainability of long-term outcomes and impacts. The lesson, therefore, is that donors need to be conscious of tensions between the simultaneous pursuit of short-run results and long-run impacts, seeking to foster capacity building complementarities between them that reduces the adverse consequences of these tensions. We are not implying that donors and their developing country partners will not be aware of the potential for such tension to arise, and in this sense our comments serve as a reminder and reinforcement regarding the importance of this issue.

The third lesson concerns the Importance of advocacy and dialogue. While Tanzania has achieved solid development and poverty reduction results in recent times, it still faces many significant challenges. Principal among them is to reduce poverty levels in rural

areas. Donors will have to continuously stress the importance of a poverty orientation, the social sectors, good governance (including anti-corruption) and civil society in meeting these challenges. Yet the importance of advocacy leads us to the consideration of dialogue. A donor can engage in advocacy as much as it wants, but for it to be effective in influencing partner government behavior in ways that promote good development it requires constructive dialogue between the two parties. There are many examples from the history of aid to Tanzania that point to this. One is that effective dialogue might have been able to convince the Nyerere government to change its policy stance in the years leading up to the economic collapse of the early 1980s.

The fourth lesson concerns proliferation and fragmentation of the aid effort in Tanzania. This an issue not confined to Tanzania, but one that is especially serious in Tanzania. Based on the most recent information, which is for the year 2014, donors funded 3308 activities in Tanzania, which is more than twice the number funded in 2000. This, combined with the number of donors present in Tanzania and the number of sectors in which they are active, places enormous pressure on the Tanzanian government. This is very widely recognized. Action needs to be taken to reduce proliferation and fragmentation, and there is no obvious reason why Sweden cannot take a lead. What required is not only for each donor to have greater programmatic focus, but for them to be more coordinated to ensure an appropriate division of labor between the sectors that they support.

The fifth lesson is that policies and institutional performance do matter for aid effectiveness, but so too do politics. Whether policies and institutions matter for aid effectiveness has for almost 20 years been a matter of much debate in certain circles. Based on the findings of this evaluation, the Tanzanian case would appear to make it quite clear that policies and institutional performance do matter for aid effectiveness. The message for donors is clear: to continue to work with the Government of Tanzania to promote the development impact of policy settings and institutional behavior.

There are two further sub-lessons that derive from that just stated. The first is that it is not just formal institutions that matter, informal ones matter too. Donors need to be cognizant of the nature and operation of informal institutions in Tanzania and elsewhere in the design and delivery of aid programs. The second sub-lesson is that while policies certainly matter, so too do politics. As the Tanzanian case demonstrates, a determining factor of success with building institutions and implementing appropriate policies has typically been that a local actor has had a vested interest in pursuing an objective that donors support. If a donor is to work effectively towards achieving its development objectives in partner countries, it needs understanding of the political logic that drives policies in partner countries.

The evaluation concludes with some comments on the AQEF. There are a number of strengths of this framework, including catering for the many situations in which it is not possible to directly observe or quantify the impacts of development co-operation and not requiring knowledge of the counterfactual. A weakness is ambiguity over the relationship between its components. Greater conceptual clarity over this matter is required to remove ambiguity in the interpretation of overall AQEF assessments.

Chapter 1 Evaluation of Swedish Development Co-operation with Tanzania: Introduction

1. Introduction

Sweden has a long history of development co-operation with developing countries. Through this co-operation it has provided bilateral development assistance to 152 developing countries since 1960. Two features of this co-operation are particularly apparent. The first is that this co-operation is often very long-term in nature. Bilateral co-operation with some countries dates back to the late 1950s and many others back to the mid- to late 1960s (OECD, 2015). The second is that it is characterized by particularly close relationships with the developing countries concerned, meaning that what is important for the impacts of the co-operation is not just the levels of financial support provided, but also the quality of the relationship.[1] Both characteristics have important implications for how Swedish development co-operation is to be understood and evaluated.

Tanzania is among those developing countries with which Sweden has had a particularly long bilateral development co-operation relationship. There is also a very close relationship between Sweden and Tanzania. This co-operation commenced in 1962 with the prevision of Swedish bilateral aid to Tanzania and continues until the present day. Tanzania has received more Swedish bilateral development aid than any other country, having received more than

[1] This was a key finding of a prior evaluation of long-term development co-operation between Sweden and Vietnam. A key informant interviewed as part of this evaluation observed that, 'money is important, but what is more important is the support across our entire history with Sweden; this has nothing to do with money, other countries give us more money, but we don't have the same relationship with them' (McGillivray *et al.*, 2012a, p. 22).

$6.08 billion in this assistance.[2] Sweden announced in 2013 a new development co-operation strategy with Tanzania that covers the period 2013 to 2019 (Government of Sweden, 2013).

This document reports the approach and findings of an evaluation of long-run development co-operation between Sweden and Tanzania. The evaluation is specifically concerned with the contribution of Swedish bilateral aid to poverty reduction in Tanzania since the commencement of this co-operation in 1962. It is also concerned with lessons learned from the evaluation for future development co-operation.

This first chapter of the document is structured as follows. Section 1.2 considers the aim and questions to be addressed by the evaluation. It also identifies and briefly discusses previous evaluations of long-run development co-operation. Section 1.3 outlines the evaluation approach, focusing on evaluation methods and an evaluation framework known as the Aid Quality Evaluation Framework and how it is applied. Evaluability issues are examined in both Sections 1.2 and 1.3.[3] Section 1.4 concludes, by principally providing brief contents of the chapters that follow in this report.

[2] This United States dollar amount is in constant 2013 prices and has been obtained from OECD (2015a).

[3] The OECD–DAC defines evaluability as 'the extent to which an activity or a program can be evaluated in a reliable and credible fashion'. Assessments of evaluability are typically used to judge the coherence and logic of a project or program and clarify data availability and adequacy. These assessments also inform decision on the scope of the evaluation and specifically of the evaluation questions. Of particular relevance to an evaluation of long-term development co-operation is consideration of the elements of the ToR such as the scope of evaluation, evaluation questions, and deliverables, and their feasibility, risks and challenges such as in measuring attribution and contribution, feasibility of collecting data to a sufficient standard, types of data that are feasible to collect and appropriate and feasible methods given the evaluation questions, data availability and quality, and context (OECD, 2010).

1.2 Evaluation Aim and Questions

1.2.1 Evaluation Aim and Questions

The aim of the evaluation is to assess the contribution of long-run development co-operation between Sweden and Tanzania to poverty reduction in Tanzania. It focusses on the entire history of this development co-operation, from 1962 to the present.

The evaluation will be guided by two overall questions:

(i) Has Swedish aid contributed to poverty reduction in Tanzania over time, and if so, in what way?

(ii) What are the important lessons for Swedish development co-operation today?

The main objective of the evaluation is to provide grounded and elaborated responses to these questions and to highlight potential lessons for Swedish development assistance. The evaluation will involve the application of an explicit model or method for evaluating the performance of bilateral assistance to an individual recipient country. Strengths, weaknesses, and the general applicability of the evaluation model will also be considered.

These questions will be discussed in some detail below, but it is instructive to first provide some preliminary observations regarding question (i). Evaluations have for many decades looked at possible impacts of aid on poverty reduction. Aid is, in principal, a donor country response to poverty in developing countries. This is not to imply that donor countries respond to other pressing development issues in or challenges faced by developing countries. Sweden, in particular, has a history addressing *inter alia* democracy, human rights, climate change and capacity building in its development co-operation programmes. It is the case, however, that donor governments often seek to justify the often large amounts of taxpayer funds allocated to aid programmes primarily with reference to it being both a response to poverty in these countries and a means of reducing it. Much of the support within donor countries for aid is premised on it having some impact on poverty reduction. Consistent with these factors, it is not

surprising that evaluations have tended to seek to quantitatively identify the extent to which the aid activity in question, be it a project or larger programme, has reduced poverty. The extent of poverty reduction has been defined as the number of people in the recipient country lifted out of poverty.

Seeking to establish how many people aid has lifted out of poverty is an extremely difficult task on various evaluability grounds. This is primarily because it requires consideration of the counterfactual, what would have been the level of poverty in the absence of the aid activity in question. It is not possible to identify how many people might have been lifted out of poverty without knowing this counterfactual. There are of course related subsidiary challenges, including obtaining quantitative poverty data and controlling for the impacts of other drivers of the poverty in question.

Evaluation question (i) cleverly side-steps these challenges. It does not require an assessment of the extent to which Swedish development co-operation with Tanzania has reduced poverty in the former. Instead it requires an assessment of whether this co-operation has contributed to poverty reduction in Tanzania, or whether it has "driven the drivers" of this reduction. This strictly speaking does not require knowledge of what the level of poverty in Tanzania would have been in the absence of Swedish support, nor does it require empirical information on poverty levels in Tanzania. This is not to say it is not without its challenges, such as identifying agreed drivers of poverty reduction, in particular those that donors might be able to drive.[4] Nor is it to say that data on poverty will not inform the evaluation study.

[4] Addressing question (i) requires a very similar analytical approach to those used by Killick (1995) in an investigation of the impact of donor supported structural adjustment programmes of the 1980s and early 1990s on poverty. At the time of the Killick study there was widespread concern that these programmes might result in higher poverty levels in the countries in which they were being implemented. Killick identified a number of determinants of poverty, and argued the structural adjustment programmes were unlikely to have had significant impacts on poverty since they were unlikely to have impacted on these determinants. We adopt this approach by considering *inter alia* whether Swedish aid has

1.2.2 Previous Evaluations

Evaluations of development assistance or aid are not new, of course. They have been undertaken for almost as long as aid has been provided. The current evaluation is different to most previous evaluations in three main ways. First, its scale is much larger, being concerned not with an individual project or programme, but with the entirety of a donor country programme. Second, it assesses aid not against the intended direct outcomes built into the design of a project or programme, but with what is typically the fundamental, over-arching aim of a donor, that being poverty reduction. Third, it will focus on a period of time that is very long by typical evaluation standards.

This is not to imply that previous evaluations have not looked at the same scale, for example, not looked at over-arching, country programme-wide objectives or at the long-term. But it is to say that evaluations that display each of these characteristics are very rare. To our knowledge there have only been four evaluations with each of these characteristics. In 2010, the Swedish International Development Agency commissioned evaluations of its long-term development co-operation with Laos, Sri Lanka, and Vietnam (McGillivray *et al.*, 2012a, 2012b and 2012c).[5] In 2013, The United Kingdom Department for International Development (DFID) commissioned a very similar study of its long-run development co-operation with Vietnam (McGillivray *et al.*, 2016). The respective time periods of this co-operation were 53, 44, 38 and 18 years. The evaluations were conducted in response to decisions by Sweden and the United

successfully driven the drivers of poverty reduction and those elements that serve to maintain poverty levels in Tanzania.

[5] This was an innovative and bold move for an official donor agency. This was principally because the main evaluation question looked at the extent to which Swedish development co-operation had contributed to sustained poverty reduction, which donor agencies had tended to avoid, given the potential for adverse publicity, and was conducted by an independent evaluation team. Sweden had earlier commissioned a country level study of its development co-operation with Tanzania, although the focus of that study (Adam *et al.*, 1994) was on the impact of Swedish aid on growth and its determinants. This study is discussed in some detail below.

Kingdom to exit these countries as bilateral aid donors. The overall purpose of each was extremely similar to that stated in the Terms of Reference for the current evaluation, in that they were required to assess the donors' contributions to poverty reduction in each country and to provide lessons learned for Swedish or British development co-operation programs in other countries; for donors remaining in the three countries in question; and for the governments of these countries.[6]

What lessons can be learned from these previous evaluations for the current evaluation? There are two main lessons. The first has already been mentioned above, so here we reiterate some points made above.

The first concerns the interpretation of the primary evaluation question used in these evaluations. The primary evaluation question of the first three of these evaluations asked, how and to what extent did Swedish development co-operation contribute to poverty reduction in each of the countries? The DFID commissioned evaluation asked the identical question, but in the context of United Kingdom development co-operation with Vietnam. The interpretation of this question was such that an estimate of the number people lifted out of poverty was required, that the evaluations were asking for this estimate. For various reasons, among them being the availability of requisite data on poverty, covering the full periods of co-operation in question, the evaluations were not able to fully answer this question. The closest any of the four evaluations got to answering it was to speculate that Swedish development co-operation lifted 'many millions' of Vietnamese out of income poverty (McGillivray *et al.*, 2012c, p. 124).[7]

---

[6] In early 2015, the New Zealand Ministry for Foreign Affairs and Trade commissioned evaluations of the impact on economic and human development of its long-run development co-operation with Cook Islands, Niue, Samoa, and Tokelau.

[7] This conclusion rested heavily on Swedish support for Vietnam's economic reform program *Doi Moi*, which was implemented from the mid-1980s onward. *Doi Moi* is regarded by many to have helped lift tens of millions of Vietnamese out of poverty owing to the sustained growth it was able to generate. Vietnam was one of the few donors operating in Vietnam in the mid-1980s and provided important support for Doi Moi, helping to ensure a

Evaluation question (i) above is very similar to this primary evaluation question, but is different in one very important respect: it does not require the evaluation to make an assessment of the extent of the Swedish contribution to poverty reduction in Tanzania, just to assess whether there has been a contribution *per se*. The wording of question (i) has, in effect, taken on board the first of these lessons. The current evaluation will not seek to provide an estimate of the extent to which Swedish aid has contributed to poverty reduction in the chosen partner country. Aside from the data issue mentioned above, it is extremely difficult, if not impossible, to delineate the contribution of any one donor's assistance from those of the often scores of other donors that have provided aid to this country. Indeed, delineating the impact of aid on poverty from impacts of other relevant variables is hard enough in itself.

The second lesson concerns identification of the channels or processes through which Swedish aid can potentially reduce poverty in each country. These channels were not identified in any systematic or explicit manner. Some were identified, but simply in the process of conducting and writing up the results of the evaluation. As such the identification was very *ad hoc*. What is clear from the current evaluation is the importance of identified, agreed, explicit and evidence-based drivers of poverty, and its reduction in the recipient country. If Swedish aid is to reduce poverty, then it must be able to influence one or more these drivers in poverty-reducing ways. This will be key to the addressing evaluation question (i) and, in turn, question (ii). We return to this issue below in discussing the approach to be used in the proposed evaluation.

---

reasonably rapid and orderly transition from a centrally planned to more market oriented economy. Had Sweden not found itself in this situation the evaluation would have had great difficulty drawing any conclusions regarding the extent to which Swedish support had contributed to poverty reduction in Vietnam. Unless very special circumstances such as this are present in the development co-operation programmes of other donors, the primary question considered by these previous evaluations is not evaluable in the context of evaluations of other programmes.

1.3 Evaluation Approach

Undertaking a long-run evaluation of a bilateral development co-operation program of the nature outlined above is a complex task. It requires a rigorous evaluation framework and the careful application of rigorous evaluation research methods.

1.3.1 Evaluation Framework

The Aid Quality Evaluation Framework (AQEF) will be applied for this purpose. This is consistent with the above-stated requirement of this evaluation, which is the application of an explicit model or method for evaluating the performance of bilateral assistance to an individual partner country. AQEF was originally developed for the above-mentioned evaluations of Swedish long-term development co-operation with Laos, Sri Lanka, and Vietnam. It has since been the subject of ongoing refinement and was also used in the above-mentioned evaluation of development co-operation between the United Kingdom and Vietnam.

AQEF is a heuristic tool catering for the many situations in which it is not possible to directly observe or quantify the impact of development co-operation on poverty reduction, or for that matter a range of other intended outcomes of such co-operation. It essentially guides the evaluation, conditioning the lines of enquiry in the application of the chosen research methods. AQEF has been described as Paris++. What this means is that AQEF is based on a twofold augmentation of the Paris Declaration Principles, agreed in 2005 by DAC member countries and subsequently endorsed at Accra and (with further articulation) at Busan. The Paris Principles are an accumulation of decades of knowledge of aid delivery, building on shared thinking among the donor and partner government communities and extensive knowledge of lessons learned. Whilst care should be taken in applying Paris Declaration principles retrospectively, they provide important criteria for the assessment of Sweden's bilateral support for poverty reduction in Tanzania.

The AQEF currently consists of three components, which are: (i) consistency with Paris Declaration principles adopted by the donor

community in 2005; (ii) consistency with pressing development needs in the partner country; and (iii) cognizance of development capacity.

As is well known in development aid circles, there are five Paris Declaration principles:

- *Ownership*: Developing countries must lead their own development policies and strategies, and manage their own development work on the ground.
- *Alignment*: Donors must line up their aid firmly behind the priorities outlined in developing countries' national development strategies, they should use partner country systems, and their aid must be untied and be predictable.
- *Harmonization*: Donors must coordinate their development work better amongst themselves to avoid duplication and high transaction costs for poor countries.
- *Managing for results*: All parties in the aid relationship must place more focus on the results of aid, and the tangible differences it makes in poor people's lives.
- *Mutual accountability*: Donors and developing countries must account more transparently to each other for their use of aid funds, and to their citizens and parliaments for the impact of their aid.

AQEF component (i) requires the evaluation to judge whether the development co-operation program being evaluated has been delivered in a manner consistent with the Paris principles. It follows that application of component (i) involves the nuanced retrospective application of reasonably contemporary knowledge of aid effectiveness to the delivery of Swedish aid to Tanzania, over a period of more than 50 years.

A development co-operation program might be fully consistent with these principles, but that will be of little use unless it has addressed or targeted pressing development needs in the country in question. For the purposes of this evaluation, these pressing needs relate to what is required for poverty reduction. AQEF component

(ii) asks whether the development co-operation program being evaluated has targeted key drivers of poverty reduction that a donor can realistically influence. A weakness in the original applications of the AQEF was that these drivers were not identified in a systematic manner. This is the second of the above outlined lessons learned from the original evaluations of long-run Swedish development co-operation.

This weakness was addressed in the evaluation of long run development co-operation between the UK and Vietnam (McGillivray *et al.*, 2016). This was achieved by building a Theory of Change (ToC) into component (ii) of the AQEF. That ToC provided a comprehensive analysis of the determinants of poverty and its reduction in Vietnam, highlighting those determinants that a donor can feasibly address. The ToC was not based on original research, but on a comprehensive literature survey and input of key informants. The current evaluation will repeat this process, developing a ToC relating development assistance to poverty reduction Tanzania.[8] Identifying the determinants or drivers of poverty and its reduction in Tanzania is not an easy task, owing mainly to a lack of requisite data. There is, however, a growing literature on these drivers and what Handley *et al.* (2009) call the "maintainers" of poverty in Tanzania. A maintainer in this context is an element that either serves to constrain poverty reduction, that unless tackled shackle potential poverty reduction drivers. Donors that seek to reduce poverty need, either individually or in partnership with others, to simultaneously and effectively drive drivers and tackle maintainers.

The third component of the AQEF identifies two development capacities. The first refers to the capacity of the partner country to use or absorb aid efficiently for development purposes, and to sustain benefits from aid funded activities after donor support for them ends.

[8] The term 'theory' is used here for consistency with the terminology used in development project design, monitoring and evaluation, although we note that what is presented as a theory might be otherwise described in different contexts, especially in academic research. The theory we present below is not as formally derived and presented in many of these contexts. It is essentially a list of drivers and factors which constrain poverty reduction in Tanzania.

This capacity is, in part, based on the simple recognition that there are limits to the aggregate amounts of aid that can be efficiently absorbed, with higher and higher levels of aid not necessarily associated with bigger and better development impacts. This is relevant to all donors of aid to the country in question, even if they provide relatively small amounts of aid to it. This absorptive capacity will depend on many factors, in particular, including the capacity of relevant partner government staff and administrative systems.[9] Concerns over Tanzania's administrative capacity to efficiently manage budgetary matters including donor support that has typically been very large by international standards, both in terms of the level of support and the number of donor partners, have often been expressed over time (see, for example, Adam *et al*., 1994 and Odén, 2015).[10]

The second aspect of development capacity relates to the donor agency and its capacity to deliver aid efficiently and effectively for development purposes. This is fundamentally an issue of the adequacy of staffing and administrative systems and institutional capacity, but also the composition or structuring of the country programs in question. For example, it may be the case that country programs are spread across a very large number of activities and sectors, making it difficult for the donor agency to manage effectively for development outcomes.

The proliferation and fragmentation of donor support for individual recipients is relevant to both aspects of development capacity. Proliferation relates to: (a) the number of activities that donors support a particular recipient country and (b) the number of donors that support the recipient. Fragmentation relates to the

[9] Absorptive capacity is an issue that has become increasingly prominent in aid policy circles, dating largely back to concerns over scaled up aid in order to meet the Millennium Development Goals. It has been recognized, however, that these issues are relevant at all aid levels, large and small. A large literature has emerged on these topics and includes Guillaumont and Guillaumont (2006), Bourguignon and Sundberg (2006), Heller and Gupta (2002), Heller *et al*. (2006) and McGillivray and Morrissey (2001), McGillivray and Feeny (2009) and Feeny and McGillivray (2010).

[10] Odén considers that the improvement of domestic capacity has always been a key issue in budget implementation and co-ordination of the public sector budget in Tanzania.

number of sectors in which donors are present in the recipient country in question.[11] There is no consensus on the levels of fragmentation and proliferation at which aid effectiveness might fall, or more generally on underlying functional relationships. Yet there are widespread concerns that both have become excessive in many recipient countries, including Tanzania.

Proliferation places stress on partner governments and tests their capacity to work effectively with donors to achieve development results. Co-ordination of donor efforts and the disbursement of aid funds becomes increasingly difficult as the number of donors and donor funded activities increases. It can also be associated with significant opportunity costs, distracting recipient governments from, such tasks as budgetary preparation and implementation. Developing countries have for many years voiced concern over this, with for example Tanzania introducing the well-known five month "quiet period" in the early 2000s, during which donor meetings, missions and reviews are minimized so that the government can concentrate on budget preparation and approval processes. Activity proliferation can also place undue pressure on donors to work with recipient countries to achieve development results at the country program level. Fragmentation of individual donor efforts across sectors can have the same impact. It can also lead to a situation in which donors are involved in sectors in which they might not have sufficient expertise to achieve development results, being counter to principles of the division of donor effort and the exploitation of donor comparative advantage. And it, too, can place excessive pressure on recipient governments.

Application of the third AQEF component involves examining whether donors have been cognizant of these development capacities and have acted on this cognizance in the delivery of their aid.

[11] An aid activity is a discrete entity or exercise that can take many forms, such as a project or a programme, a cash transfer or delivery of goods, a training course, a research project, a debt relief operation or a contribution to a non-governmental organisation. Each activity will have its own budget, is assigned a DAC purpose code and reported by agencies to the OECD-DAC (OECD, 2015b).

The application of the AQEF has to be nuanced, and must be augmented with other information, in particular project or non-countrywide program evaluations and other relevant investigation such as academic research papers and information on the broad development context and enabling environment faced by Sweden during the duration of its development co-operation with Tanzania. Combined with this information, the AQEF can and has been shown to be an important tool for judging whether long-run development assistance at the country level has contributed to poverty reduction.

The AQEF will be used at the conclusion of this evaluation report to address the evaluation question (i). Essentially, if it is the case that Swedish aid to Tanzania has addressed, or been targeted towards pressing development challenges insofar as poverty reduction in Tanzania is concerned, if it has been delivered in a manner consistent with the Paris principles, and has been delivered in a manner that is cognizant with Tanzania's ability to absorb and Sweden's capacity to deliver aid for development purposes, then one would tend to conclude that it has contributed to poverty reduction in Tanzania. Of course, reality is such that it might not be possible to draw such an unambiguous conclusion. In this situation careful judgement will be required to assess the likely contribution to poverty reduction in Tanzania of Swedish aid to it.

1.3.2 Evaluation Research Methods

The application of AQEF and analysis of supporting or supplementary information will be conducted using mixed methods research that employs quantitative and qualitative methods in a complementary way to interrogate different types of evidence about the context, evolution, and outcomes of Swedish bilateral development assistance to Tanzania. Similarly, quantitative and qualitative data will be used in tandem at the meso-level to provide empirical and contextual insights required to address the evaluation questions in an informed manner. Our approach is grounded in the understanding that adopting different but complementary lines of enquiry invariably leads to more robust and credible research (Sale *et al.*, 2002). Our aim will be to ensure that the insights arising from the separate lines of enquiry triangulate and reinforce each other, thus providing a high level of credibility to, and confidence in the evaluation findings.

The quantitative analysis will not involve original econometric modelling of the impact of Swedish development co-operation on poverty reduction, as is so often applied in empirical academic analyses of aid effectiveness. It is ruled out on standard evaluability criteria. What it will involve is a detailed analysis of the levels of aid to Tanzania, from Sweden and other donors; looking at the sectoral focus of this aid; the extent of fragmentation and proliferation of Swedish and other aid, and at trends in poverty and other related variables. It will also involve evidence of whether there appears to be harmonization between Sweden and other donors, on fragmentation and proliferation, and aid stability and predictably and so on. It will also involve surveying and reviewing previous quantitative studies relevant to the evaluation questions. Combined with information about the overall institutional and development policy settings of Tanzania, the quantitative analysis will culminate in a series of stylized macro level "big picture" facts about aid to this country. This is important as this big picture defines the overall operating or enabling environment for Sweden and all other Tanzanian aid donors. No

donor can escape this environment, which conditions the poverty reduction and related outcomes that they can achieve.

The qualitative analysis will be more micro in orientation, although not exclusively so. It will be based on the flexible exploration of the evaluation questions through the use of semi-structured interviews of key informants and analysis of existing project and sub-national program documentation. AQEF will guide the questions put to key informants, who will also be given the opportunity to comment on their overall assessment of the impact of Swedish aid on poverty reduction and lessons learned, as well as any other information they deem appropriate. Case studies, defined as specific units of analysis with clearly defined boundaries, will also be used to explore the evaluation questions in a context specific way. Case study selection will be conducted using purposive rather than random selection. Purposive sampling involves the selection of cases for their richness of information in relation to key time periods, people, events and impacts. This is appropriate methodologically, owing to the exploration of predefined questions and concepts. It will also enable the richest access to data given the time and resources available for this evaluation. The qualitative micro level evidence will also be supplemented by existing documentation of projects and other activities supported by Swedish bilateral assistance to Tanzania.

1.3.2 Two Key Definitions

It is important that clarity of the meaning of two key terms or concepts be provided from the outset of this evaluation. The two terms are *aid* and *poverty.*

For the purpose of this evaluation aid is defined as Official Development Assistance (ODA). ODA was first defined and is recorded by the OECD DAC. It is defined as flows of grants and loans provided by official agencies, including state and local governments, or by their executive agencies to developing countries and territories and to multilateral development institutions that are:

administered with the promotion of the economic development and welfare of developing countries as its main objective; and

concessional in character and convey a grant element of at least 25 percent.

The official agencies and executive agencies in question are comprised of the European Commission and those of the 28 OECD member nations of the DAC (which include Sweden) and non-DAC countries who are not members of the OECD (such as India and Brazil). ODA can be provided in cash or in kind (OECD, 2015a).[12] Private flows, such as those emanating from non-government agencies, and remittances sent by residents of donor countries to family members or others living in the chosen recipient are not included in ODA. The use of ODA is consistent with the vast majority of studies that comprise the aid effectiveness literature and is used by all DAC members in the reporting of aid data.

Poverty conceptualisations have evolved over the years. Poverty is no longer exclusively thought of as short falls in income. Many different poverty concepts now exist. Our evaluation, in accordance with contemporary international development thinking, adopts the concept of multidimensional poverty. This concept is based on the recognition that living standards depend not only on income but on a number of other dimensions including health, education, access to water and sanitation. This is consistent with the approaches of many leading development agencies. The UNDP's Multidimensional Poverty Index, for instance, is based on achievements in health, education and material living standards (UNDP, 2015).

We do, however, recognise that obtaining quantitative information on some poverty dimensions is extremely difficult in many developing countries, including Tanzania. This is especially the case with historical data. There is also ambiguity over precisely what poverty lines are appropriate for non-income dimensions. Our evaluation will primarily focus on income poverty for these reasons, although it will

[12] China, a major source of aid to Tanzania over recent decades, does not report aid to the OECD. For this reason we regrettably do not focus Chinese aid when discussing overall donor support to Tanzania in the chapters that follow.

not be blind to shortfalls in other dimensions and will whenever possible use quantitative data on them.

1.4 Summary

Bilateral development co-operation between the governments of Sweden and Tanzania commenced in 1962 and continues to the present day. This co-operation has resulted in Tanzania receiving more Swedish bilateral development aid than any other country, having received $6.08 billion of this assistance since 1962.

The aim of this evaluation study is to assess the contribution of long-run bilateral development co-operation between Sweden and Tanzania to poverty reduction in Tanzania. It focusses on the entire history of this development co-operation.

The evaluation will be guided by two overall purposes. The first is to assess whether Swedish has aid contributed to poverty reduction in Tanzania over the time period on question, and if so, in what way. The second is to identify the important lessons for Swedish development co-operation today.

Undertaking a long-run evaluation of a bilateral development co-operation program that seeks to answer questions such as these is a complex task. It requires a rigorous evaluation framework and the careful application of rigorous evaluation research methods. A small number of similar evaluations have been conducted previously, but it is fair to say that their execution is a an emerging but by no means established science.

This evaluation will apply what is known as the Aid Quality Evaluation Framework (AQEF). AQEF has previously been applied in the evaluation of long-run development co-operation between Sweden and each of Vietnam, Laos and Sri Lanka and the United Kingdom and Vietnam. The AQEF consists of three components, which are: (i) consistency with Paris Declaration principles; (ii) consistency with pressing development needs in the partner country; and (iii) cognizance of development capacity.

The application of AQEF and analysis of related information will be conducted using mixed methods research that employs quantitative and qualitative methods in a complementary way to interrogate different types of evidence about the context, evolution, and outcomes of Swedish bilateral development assistance to Tanzania.

Chapter 2 Poverty, Policies, Macroeconomic Performance and Aid: The Tanzanian Experience

2.1 Introduction

In this chapter we look at the big picture, the broader context in which Swedish bilateral development assistance to Tanzania needs to be viewed. It is instructive to provide this context before looking in detail at Swedish support, which is the task of the Chapter that immediately follows.

The chapter commences with an examination of Tanzanian multidimensional poverty reduction achievements over time. What matters from an aid effectiveness point of view is whether these achievements would be lower in the absence of aid. Our task for the moment is merely to identify and describe the level and changes in poverty in Tanzania, leaving any possible inferences to later chapters. This is followed by an examination of Tanzanian policy settings and macroeconomic performance from the 1960s to the present. The rational for this examination is that poverty reduction is, in general, harder to achieve than would otherwise be the case when macroeconomic performance is low.

The chapter then turns to overall donor community support for Tanzania, focusing on the period 1960 to the present. It looks at total aid receipts from a number of perspectives, the extent of proliferation and fragmentation and at assessments of its overall effectiveness.

2.2 Poverty in Tanzania

Poverty has characterized the lives of the vast majority of Tanzanians in the not so distant past. Yet much has changed to Tanzania's income poverty profile over the last two decades. Three

changes are evident: the proportion of the Tanzanian population living in poverty has fallen; those living in poverty have, on average, become less poor, and the number of poor people has increased despite the fall in poverty rates.

These assessments are based on income poverty data provided by the World Bank.[13] These data are presented in Figures 2.1 to 2.3, which provide information based on three international poverty lines, the $PPP1.25 per day extreme income poverty lines and the $PPP2 and $PPP2.5 per day lines.

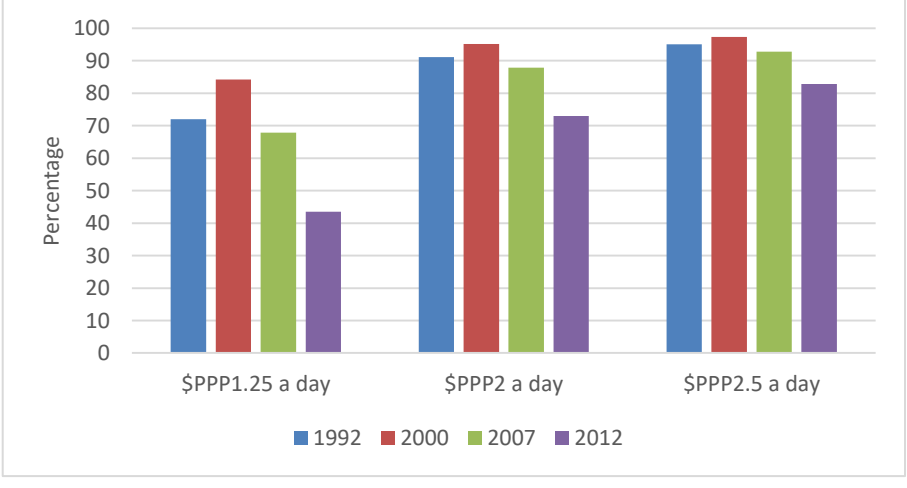
Consider first the income poverty rate data shown in Figure 2.1. Poverty rates based on all three poverty lines increased between 1992 and 2000. That based on the extreme poverty line increased by the greatest margin, by 12 percentage points, from 72 to 84 percent over this period. The reverse has been the case since 2000, with poverty rates based on all three poverty lines falling. In 2012 the percentage of Tanzanians living in extreme income poverty fell to 43 percent. While declines in these rates are obviously to be welcomed, it remained the case that the clear majority of Tanzanians in 2012 still lived below the $PPP2 and $PPP2.5 per day poverty lines.

Figure 2.2 presents data on income poverty gaps, defined as the average shortfall from the poverty line, expressed as a percentage of this line, for those living in poverty. As such it reflects the depth of

[13] The data in Figures 2.1 to 2.3 are taken from World Bank's *Poverty and Equity Database* (World Bank, 2015a). The earliest year for which this source publishes poverty data for Tanzania is 1992. The only other years for which poverty data based on international poverty lines are published in this source are those for which data are presented in Figures 2.1 and 2.3. It does provide data on the Tanzanian national poverty line, but for 2012 only. There are little data on poverty in Tanzania prior to 1992. Huang (1976: 74-75) estimates that per capita GDP in 1971 was 700 shillings whereas 70% of all (and almost 75% of rural) households had incomes below 2000 shillings and 90% (almost 95% rural) of households had incomes below 4000 shillings. As average household size is unlikely to be below five individuals, it is plausible that over 80% of households, and as much as 90% in rural areas, were income poor. It should also be acknowledged that different data can give different pictures of poverty levels and trends over time. We return to this issue in Chapter 4, when poverty profiles based on the national poverty line are presented, but for the moment note that the overall trends presented in this chapter from 2000 onwards are broadly speaking robust with respect to the choice of poverty data.

poverty. Poverty gaps at each of the $PPP1.25, $PPP2 and $PPP2.5 lines were higher in 2000 than in 1992 but have since declined. All gaps are indeed lower in 2012 than in 1992. The poverty gap at the extreme income poverty line of $PPP1.25 in 2012 is 13 percent. This is less than half that for 1992, which was 50 percent.

Figure 2.1: Poverty Rates, Tanzania, 1992 to 2012



That income poverty gaps are lower in 2012 than in 1992 is certainly good news. This is offset by the unambiguously bad news that there are more Tanzanians living in income poverty in 2012 than three decades earlier, in 1992. This is clear from Figure 2.3. There were 1.8 million more Tanzanians living in extreme income poverty in 2012 than in 1992. The actual number for these years are 19.6 and 20.8 million, respectively. Better news is that fell from 27.9 million in 2007, so that solid progress in reducing extreme income poverty has fallen appreciably since this year. The number of Tanzanians living on less than $PPP2.0 is also higher in 2012 than in 1992, but at least has fallen since 2007. In 2012 34.9 million Tanzanians lived on less than $PPP2.00. The number living on less than $PPP2.5 has continually

increased over the period in question, and reached 39.6 million in 2012.

Figure 2.2: Poverty Gaps, Tanzania, 1992 to 2012

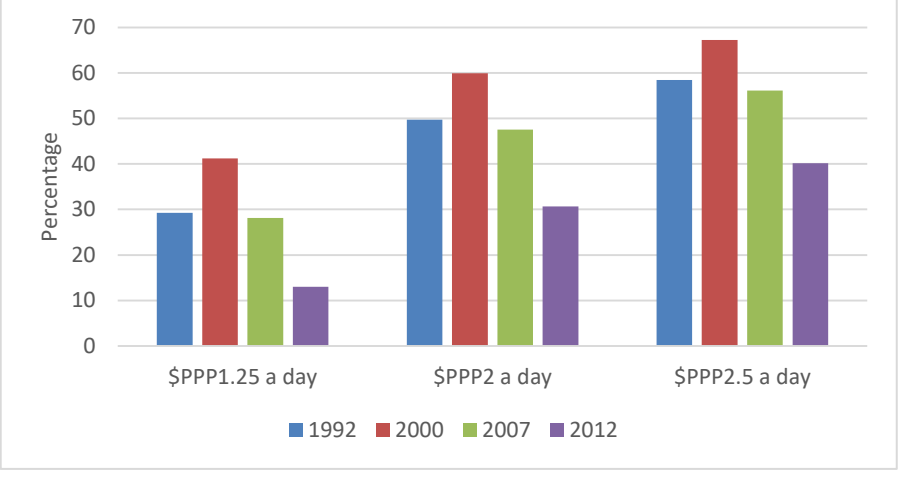
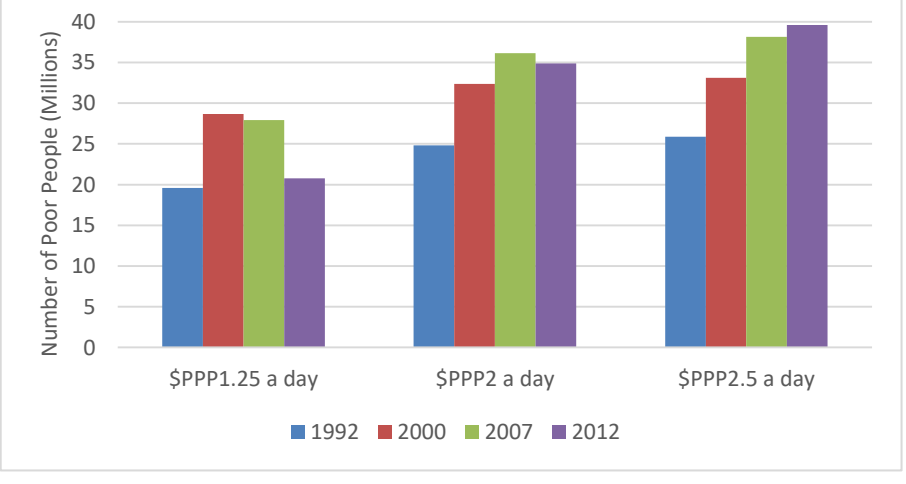


Figure 2.3: Poverty Headcounts, Tanzania, 1992 to 2012



Poverty can be defined in many ways. It is widely accepted that poverty is multidimensional, involving far more than shortfalls in income. Poverty can be said to exist if there are shortfalls in any

number of well-being dimensions. These dimensions include those relating to health, education, personal security, access to water and sanitation, environmental conditions, social connections, and participation. Data on Tanzanian achievements in a number of these dimensions are shown in Figures 2.4 to 2.7.[14] The dimensions chosen are those relating to health, education and access to water and sanitation. Their selection was in part influenced by the availability of data on them, over time in particular. One should of course be cognizant of the usual caveats about the accuracy of such data.

Achievements in health are shown in Figures 2.4 and 2.5. Life expectancy has increased by 18 years between 1960 and 2013, despite falling between 1988 and 1996 owing primarily to the HIV/AIDS pandemic. Life expectancy in Tanzania was 61.5 years, which is around 20 years lower than that for most OECD countries. Child mortality has fallen appreciably. In 1960, 244 out of every 1000 children born alive died prior to their fifth birthday. This number fell to 52 deaths in 2013.[15]

Data for an indicator of achievement in education, the primary school completion rate, are shown in Figure 2.6. Quite a mixed picture over time is shown. Primary school completion increased from 20 to 123 percent of the relevant age group between 1970 and 1984. It then fell to 47 percent in 1989 and staying at around 55 percent until 2005. Completion then started an upward trend and was 76 percent in 2013.[16]

Figure 2.4: Life Expectancy, Tanzania, 1960 to 2013

[14] There remains ambiguity regarding the settings of poverty lines for non-income well-being dimensions despite the widespread acceptance that poverty is multidimensional. It is for this reason that the health, education and water and sanitation data presented below are presented in levels rather than shortfalls from a poverty line. The data presented in Figures 3.4 to 3.7 are taken from the World Bank's *World Development Indicators* (World Bank, 2015b) and cover all years for which data on the selected indicators are reported in this source. Data showing shortfalls in non-income dimensions of well-being are, however, provided later in this document.

[15] The average for low- and middle-income countries in 2013 was 50.4 deaths per 1000 live births, while that for low-income countries was 76.3 (World Bank, 2015b).

[16] The average for low-income countries in 2013 was 71 percent (World Bank, 2015b).

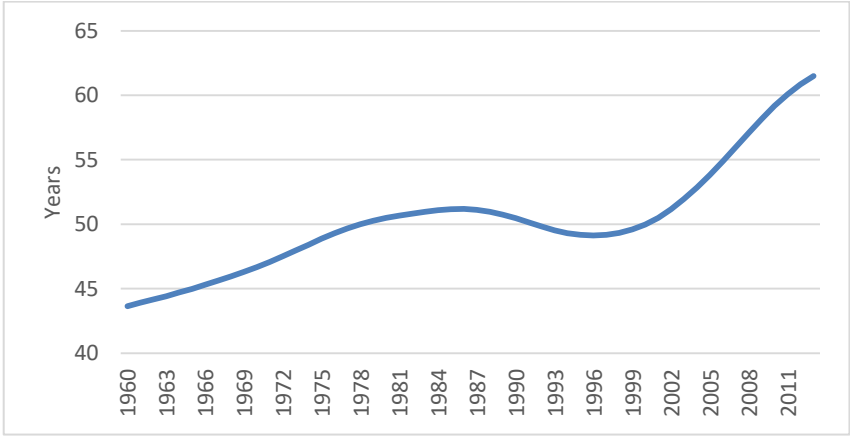


Figure 2.5: Child Mortality, Tanzania, 1990 to 2013

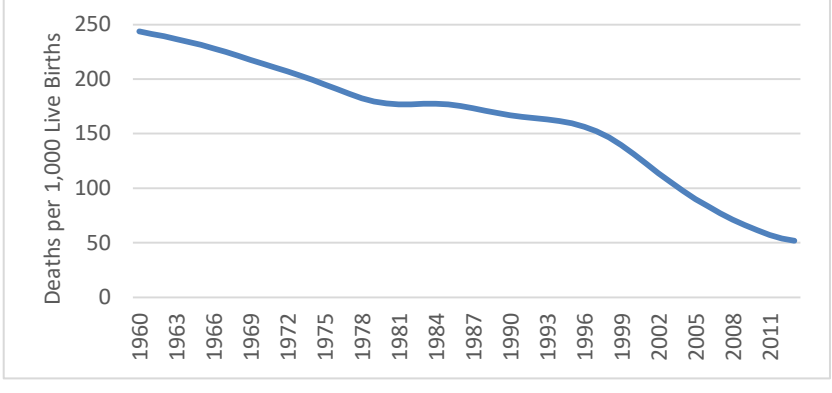


Figure 2.6: Primary School Completion, Tanzania, 1960 to 2013

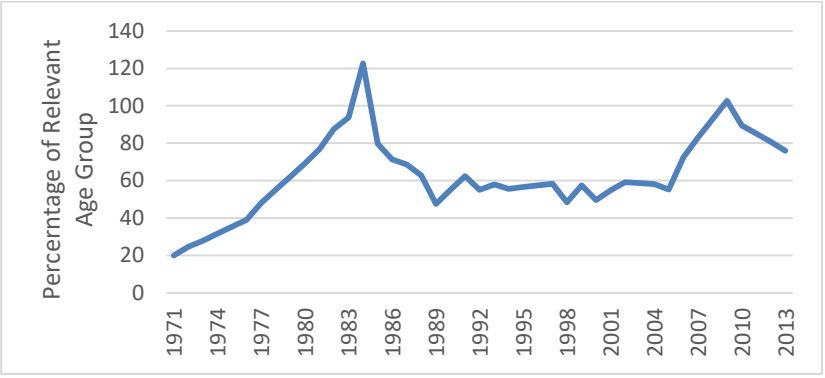
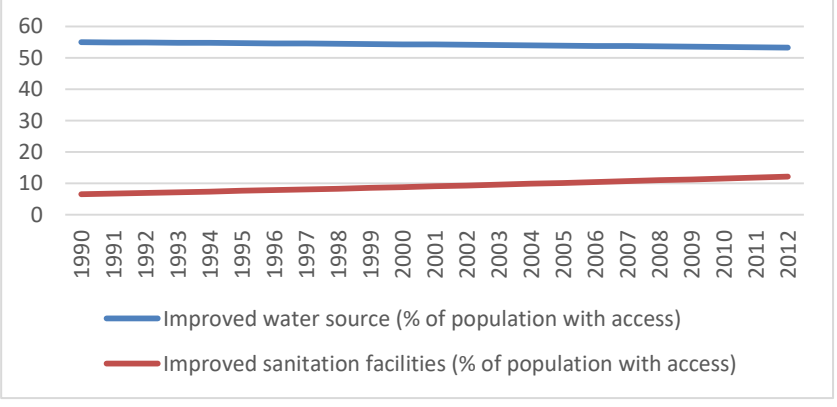


Figure 2.7: Water and Sanitation, Tanzania, 1960 to 2013



Trends in the percentage of Tanzanians with access to an improved water source and improved sanitation facilities are shown in Figure 2.7. To the extent that the data can be relied on, it seems that virtually no progress has been achieved in access to an improved water source in Tanzania. The percentage of the population with access to an

improved water source has actually fallen, from 55 percent in 1990 to 53 percent in 2013. Contrasting this has been progress in sanitation, with the percentage of the Tanzanian population with access to an improved sanitation facility increasing from seven percent in 1990 to 12 percent in 2012. The percentages of the population with access to an improved water source and an improved sanitation facility in all low and middle income countries in 2013 were 57 and 87, respectively (World Bank, 2015b).

2.3 Policy Settings and Macroeconomic Performance

Policy settings and good macroeconomic performance cannot guarantee poverty reduction. Yet poverty reduction is invariably much harder to achieve without it, sustained rates of real per capita economic growth in particular. They can also determine the level of aid a country receives, with bad policies and performance often being associated with lower aid than would otherwise be the case.[17] A brief examination of aspects of Tanzania's macroeconomic performance is provided in what immediately follows. It provides a backdrop for the poverty profile presented above, and some insights into the presentation of aid flows that follows below.

Data on Tanzanian economic growth and inflation are available for the years 1961 onward. These data are shown in Figure 2.8.[18] Data on policy and institutional performance, in the form of the World Bank's Country Policy and Institutional Assessment (CPIA) are available for Tanzania from 1977 onward. These data are provided in Figure 2.9. The CPIA is a widely used, and in some circles highly criticized diagnostic tool intending to capture the quality of a country's policy

[17] This is a general association that does not hold in all cases. For instance, in the early 2000s there were widespread concerns for so-called fragile states (whose policy stance and institutional performance were considered not to be conducive to economic growth and poverty reduction), and many these countries received relatively large levels of foreign aid.
[18] The data plotted in Figure 2.8 have been taken from Edwards (2012) and IMF (2002 and (2015). Data for 2013 and 2014 are forecasts. GDP per capita levels for the 1960s have been calculated using per capita GDP growth data reported in Edwards and GDP per capita levels data from IMF (2002).

stance and institutional performance.[19] It is considered by the World Bank and others to reveal the extent to which a country's policy and institutional framework supports sustainable growth and poverty reduction, and consequently the effective use of development assistance (World Bank, 2015c).[20]

The early 1960s was a period of much optimism in Tanzania following independence in 1961, with *inter alia* the election of the charismatic and articulate Julius Nyerere as President, announcement of the union with Zanzibar and adoption of the first *Five Year Plan for Economic and Social Development in 1964*. As Edwards (2012, p. 13) points out, in Nyerere's own words, the purpose of this plan was "the creation – through African Socialism – of a country in which we can live proudly as brothers" by achieving self-reliance and growth with equity. It also was consistent with Nyerere's call on a war on "poverty, ignorance and disease".[21] The plan involved inter alia reduction in the

[19] A detailed discussion of the CPIA is not necessary given our current purposes, but it rates countries against a set of 16 criteria grouped in four clusters: (a) economic management; (b) structural policies; (c) policies for social inclusion and equity; and (d) public sector management and institutions. CPIA scores have a theoretical range of zero to six. A higher score indicates better quality policies and institutional performance. Note that CPIA scores had a theoretical range of zero to five for all years prior to 1998. The Tanzanian scores shown in Figure 2.9 for these years were converted to the one to six range through normalisation to ensure consistency with those for 1998 onwards.

[20] The linking of recipient country policy to aid effectiveness follows from the finding of the cross-country empirical study of Burnside and Dollar (2000). Burnside and Dollar found that the incremental impact of aid on recipient country economic growth was lower in recipients with poor quality policies. Put differently, the finding was that if aid is accompanied by bad policies it will be ineffective in promoting growth. As is well known, this study set off arguably the most intense debate in aid effectiveness circles every witnessed. Subsequent cross-country research, including that of Hansen and Tarp (2001), Clemens *et al.* (2004) and Easterly *et al.* (2004), significantly challenged this finding, arguing that there was little empirical evidence of this link from cross-country data. It was, however, consistent with impressions from the field and popular among donor agencies. While there are undoubtedly many more potential drivers of economic growth in Tanzania, the data for the late 1960s to early 1980s shown in Figures 2.8, 2.9, 2.10 and 2.11 are broadly consistent with the Burnside and Dollar finding. In short, these data are consistent increasing aid, declining policy and institutional performance quality and declining growth. This points to a correlation, although not necessary a causal relationship between aid and growth conditional on policy and institutional performance. We return to this issue later in this report.

[21] Nyerere's aim for growth with equity meant that poverty was viewed in a manner consistent with what is now termed as relative poverty, which involves reductions in inequality among population sub-groups rather than lifting individuals to or above an absolute poverty line.

subsistence sector and a protectionism based strategy for increasing the degree of industrialization.

This was followed by Nyerere's Arusha Declaration of 1967, which was to shape Tanzania's destiny further along the path of African Socialism or, as it was known, *Ujamaa*, for at least the next two decades. The strategy for implementing the Arusha Declaration was outlined in the *Second Five-Year Plan for Economic and Social Development, 1969-1974.* The plan called for a significant increase in the rate of industrialization, with a yearly rate of growth of 11% for the manufacturing sector (Edwards, 2012). Administered prices replaced market prices in most sectors and the government controlled both the exchange rate and the allocation of foreign exchange. Many private sector firms were nationalized and new state owned enterprises were established. A policy orientation was to promote local firms using local materials with simple labor intensive technologies (Skarstein and Wangwe, 1986), consistent with inward-looking state control of the economy.

Another key characteristic of the Second Plan was the aim to increase agricultural production so that it would generate a surplus required to fund manufacturing sector investments. This increase was to be helped through a strategy of "villagization" of rural inhabitants into planned communities. This strategy had a profound impact on agriculture in Tanzania and on its rural inhabitants. We discuss this in more detail in Chapter 4.

It is perhaps not surprising that given the structural changes that these reforms entailed, the 1960s were characterized by rather variable macroeconomic performance, with as shown in Figure 2.8 real per capita GDP growth averaging 2.5% and varying between 9.8% and -0.8%. Inflation trended upward in the late 1960s, reaching 16.4% in 1969.

The mid- to late-1970s were challenging years for the Tanzanian economy. Real per capita GDP growth trended downward and was negative in 1974, 1977 and 1978. Inflation was high and variable and continued its upward trajectory, peaking at 26.5% in 1975. Tanzania's

declining economic performance was due to a number of factors. They include international oil price rises, a severe drought in 1974 and 1975, declining world prices for cash crop exports and war with Uganda following the invasion of the Kagera region by Idi Amin's forces in 1978.

Figure 2.8: Economic Growth and Inflation, Tanzania, 1961 to 2014

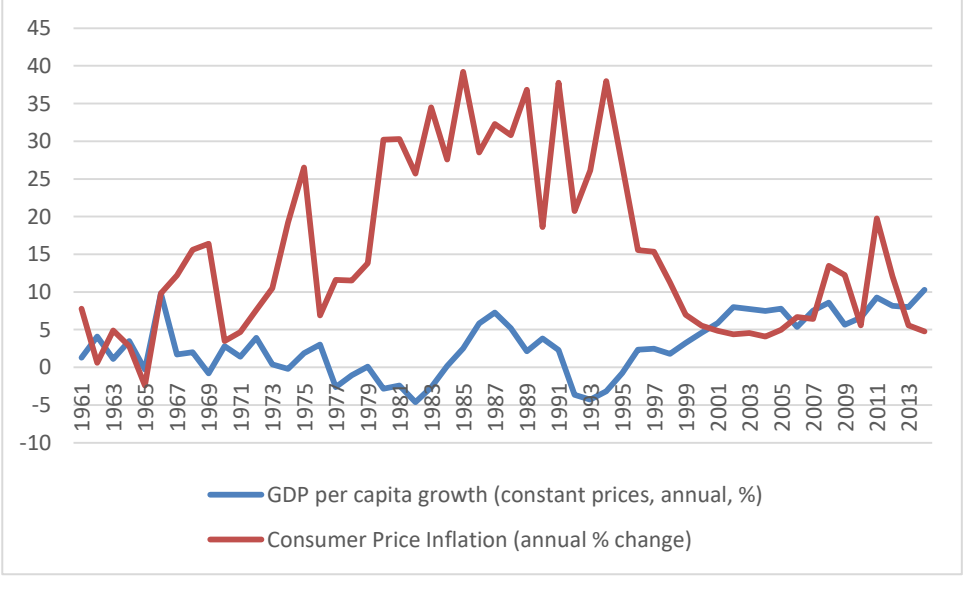
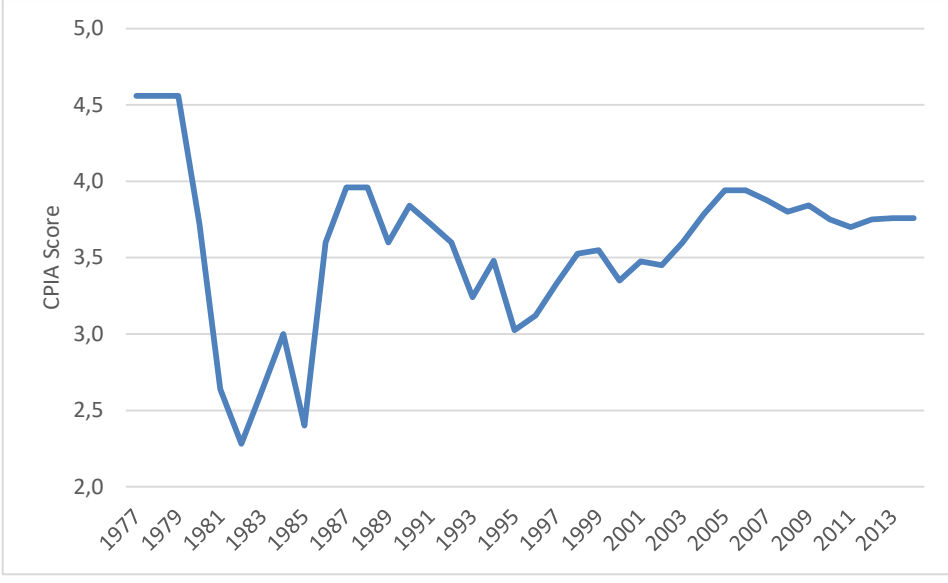


Figure 2.9: Policy and Institutional Performance, Tanzania, 1977 to 2014



Tanzania's policy and institutional stance also played a key role in the economic problems increasingly faced by Tanzania throughout the 1970s, as is widely agreed by expert commentators. As Edwards (2012) points out, profits from state owned firms and crop authorities declined and the government ran increasingly large deficits, each of which were partially financed through money creation by the Bank of Tanzania that was a driver of the high inflation rates. The regulated exchange rate was also substantially over-valued, which in turn contributed to a lack of competitiveness in tradeable goods and very large trade deficits. The overvalued official exchange rate combined with price controls for many items resulted in rampant black markets. And shall be discussed in more detail in Chapter 4, Tanzania's rural development strategy was not working with stagnant or declining agricultural production, made worse by the drought, and resistance to

villagization. Concerns over Tanzania's policy stance also strained relations with many in the international donor community; donors were among those that had these concerns. Disagreement with the IMF over this policy stance actually led to Tanzania asking the IMF Mission to leave the country in 1979.

The years 1980 to 1985 were especially harsh for the Tanzanian economy. Economic growth was negative in each of the years 1980 to 1984, falling as low as -4.6% in 1982 and inflation continued at alarmingly high levels. They also saw many of Tanzania's significant development gains of previous years being lost, as is evident from the data shown in Section 2.2 above. The Tanzanian government steadfastly refused many policy reforms. In particular, refusing to consider a devaluation of the national currency and to reconsider price controls. This was in spite of clear evidence that the currency was over-valued and that unofficial prices for food items were substantially less than the official prices. The refusal to implement reforms is reflected in Tanzania's CPIA scores, which as shown in Figure 2.8 fell substantially in 1980, 1981 and 1982.[22]

In 1985 the Tanzanian economy had collapsed and was on the brink of bankruptcy. It was also largely shunned by the international donor community, including many donors that had steadfastly supported Tanzania. In this year Julius Nyerere announced that he would step down as president, together with signalling a desire for improved relations with the international donor community. Nyerere was replaced as president by Ali Hassan Mwinyi in 1985. This paved the way for Tanzania requesting an IMF Stand-by Agreement in August 1986. The IMF agreement was rich on conditionality and included substantially reducing the number of goods to which price controls were imposed, substantive reductions in the central government budget deficit (to 11% of GDP), strictly controlling

[22] The very substantial drop in the CPIA scores in these years notwithstanding, particular care in their interpretation is needed. Discussed below is a change in international thinking about the appropriateness of policy settings was occurring in the early 1980s. It has been commented that the decline in scores reflects this change. This is not to say that low scores in the early 1980s were not warranted, but it is to say that those of the late 1970s might have been too high and not comparable with those of later years.

credit from the banking system to the seven largest marketing boards (coffee, cotton, tobacco, tea, sisal, cashew nuts, and the National Milling Corporation), the adoption of a crawling peg exchange rate system geared at generating a real devaluation of one percent per month and major reform of parastatals and marketing boards operating procedures in order to increase their efficiency and reduce their losses (Edwards, 2012).

The introduction of these reforms (and as we shall note below, a substantial increase in aid they generated) seemed to have an immediate dividend with economic growth jumping from 2.5% in 1985 to 5.8% in 1986 and to 7.3% in 1987. Inflation remained high, but fell from almost 40% in 1985 to around 30% in 1986 and 1987 (see Figure 2.8). Not surprisingly given the consistency of the IMF agreement with mainstream thinking on what constitutes good economic policy, Tanzania's CPIA score increased from 2.4 in 1985 to 3.6 in 1986 and to 4.0 in 1987 and 1988.

While the reform program was not without its critics and valid criticisms, Tanzania maintained positive economic growth in the years that immediately followed, although inflation remained high, hitting 37.8% in 1991 (see Figure 2.8).[23] Although tax (especially tariff) revenue increased, expenditure rose more rapidly and the budget deficit increased to almost 12% of GDP, while the current account deficit spiraled to almost 16% of GDP (Morrissey, 1995). In addition, many parastatals continued to post losses. These and other factors made it apparent that towards the end of 1993 the Tanzanian reform process had stalled and was in some areas was going backwards. Three main problems were observed: (i) corruption at every level of government (including, in particular, in the parastatals); (ii) price controls were being relaxed too slowly; and (iii) the government was either unable or unwilling to provide the local counterpart funds to

[23] UNICEF was among the critics, arguing in the mid- to late-1980s that social dimensions of adjustment were not sufficiently considered. As we note below, Sweden was supportive of this position, to the extent that it argued for debt cancellation and the protection of social expenditures in the early reform years. There is also a view that the IMF program was too austere in the early years, unnecessarily delaying a subsequent return to ongoing economic growth, and initially gave insufficient attention to institutional change.

help finance the import support programs. As Edwards (2012, p. 37) puts it, there was a belief that "the (Tanzanian) authorities were playing for time and did not have the intentions to truly implement change, control the budget, or reduce inflation".

That the reform process has stalled was reflected in growth and inflation data. Economic growth was negative in each of the years 1992 to 1995, falling as low as -4.3% in 1993, and inflation reached 38% in 1994.

The year 1995 marked another turning point in Tanzania's development record. It saw the release of the Helleiner Report. This innovative and path breaking report was primarily focused on improving aid effectiveness in Tanzania by calling (like the Paris Declaration a de later) for greater efforts to avoid proliferation and duplication of parallel projects and increased Tanzanian ownership of aid financed projects. Yet it also provided recommendations were of broader economic significance, such as for improvements in the capabilities of the public sector, increased government credibility (in particular, swift responses to corruption) and fiscal constraint and realism (Edwards, 2012).

The new government of President Benjamin Mkapa, which came into power in mid-1996, made it clear that restoring good relations with the aid community was one of its fundamental short term goals. It embraced the Helleiner Report's main recommendations, and implemented a cash management system for the public sector that ensured that the government could not spend beyond its revenues. This measure was important, as it showed donors that the new authorities were committed to changing the tone of the conversation and amending relations. Later that year the government signed a three-year program under the IMF's Enhanced Structural Adjustment Facility (ESAF) (Edwards, 2012).

Continuing the trend that commenced in 1996, Tanzania has maintained impressive, upward trending economic growth throughout the 2000s. Real per capita GDP growth has ranged between 4.6% and 10.3% between 2000 and 2014. Inflation, while still often high, has

been much lower in since 2000 than in previous periods and CPIA scores have trend upward, at least until 2005. As Edwards notes, "since 1996, Tanzania has done much better, in terms of economic growth and macroeconomic stability, than the average Sub Saharan country" (Edwards, 2012, p. 6). This is not to imply that the period since 1996 has all been one of milk and honey, however, for as documented below further problems have emerged, such as the re-emergence concerns for corruption and tension with the donor community under the government of President Jakaya Kikwete that came to office in 2005, replacing that of Mkapa. More generally a view emerged among donors that during the Kikwete years the institutional development gains of the Mkapa years were at risk with the state becoming increasingly soft. CPIA scores have trended downward since 2005, inflation rates have been somewhat volatile and growth while remaining positive has also been rather variable although to a far lesser extent than inflation (see Figures 2.8 and 2.9).

2.4 ODA Inflows: Overall Support from the International Donor Community

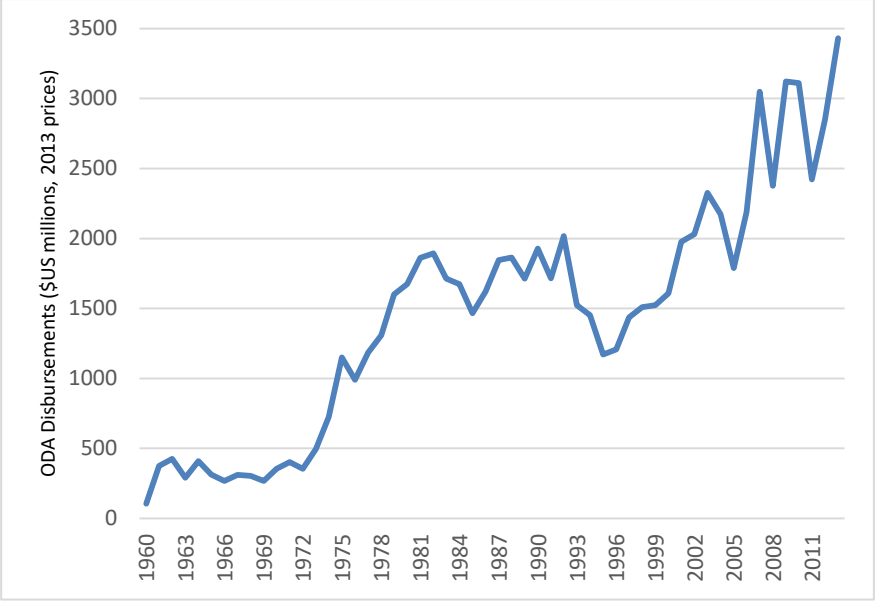
2.4.1 ODA Volume

Tanzania's ODA receipts from all donors are shown in Figure 2.10.[24] ODA from all donors over the period 1960 to 2013 is $80.69 billion. This makes Tanzania the seventh largest recipient of ODA in the world in volume terms over this period.[25]

[24] In what follows our focus is on ODA from DAC and non-DAC donors, as reported by the OECD. Aid from other donors should not be overlooked, however. Economic assistance from the former Soviet Union and other Communist Bloc should not be ignored prior to the collapse of the Berlin Wall in 1989 (Gordon, 1994, Thiam and Mulira, 1999, Bigsten *et al.*, 2001). China has in particular been a major donor. By 1977 it had provided $360 million in economic assistance to Tanzania (Thiam and Mulira, 1999). Quantification of the extent of support is difficult, but China currently and has for many years been as a major donor of development assistance to Tanzania.

[25] All ODA and related data (on activities and sectors) reported in this section unless otherwise indicated are taken from OECD (2015a). The dollar amounts are in constant 2013

Figure 2.10: Official Development Assistance Receipts, Tanzania, 1960 to 2013



Bigsten *et al*. (2001) identify three phases of aid to Tanzania for the years 1970 to 1996: the Expansion Phase (1970 to 1982); the Contraction Phase (1983 to 1985); the Adjustment Phase (1986 to 1996). We add to these phases what we will call the Early Phase (1960 to 1969) and the Post-Adjustment Expansion Phase (1997 to the present).

ODA flows during the Early Phase were relatively modest, varying from $106 to $425 million per year and totaling $3.07 billion. Early in the Expansion Phase annual ODA levels were not dissimilar to those

prices. The unit of currency is the United States dollar. At the time of obtaining ODA flow data for this evaluation, the latest year for which data were available was 2013.

of the late 1960s. This changed in 1974 when ODA jumped to $724.5 million, eventually climbing to $1984 million at the end of the Expansion Phase in 1982. Whether this was a donor response to the economic difficulties Tanzania faced at that time, owing to the drought, fall in world cash crop prices and increase in oil prices remains to be seen. More generally, however, donor countries, in particular the Nordic donors and Germany and Canada, during this phase adopted a positive view of Nyerere's vision of self-reliance, growth with equity and the overall desire to pursue the path of African Socialism following the 1967 Arusha Declaration. The increase in aid during the Expansion Phase is in large part due to these donors enthusiastically support these aspirations.[26] The World Bank under the leadership of Robert McNamara has also adopted a policy of growth with equity and owing to this alignment doubled its concessional lending program to Tanzania between 1973 and 1977 (Bigsten *et al*., 2001).

There was a change in donor attitudes to Tanzania's development efforts toward the end of the 1970s. As noted above, economic growth was modest, becoming negative during the crisis years of the early 1980s, Tanzania's policy and institutional ratings had been substantially downgraded and self-reliance was not being achieved despite the scaling up of aid to it. Importantly, there was also a profound change of thinking about economic policy in these years, as Edwards (2012) and others have documented. This involved shift away from the centralist, state planning view and the belief in government addressing or avoiding market failure to a view that emphasized government failure, and the need for deregulation, privatization and trade and other liberalization. Such thinking was clearly at odds with Tanzania's development strategy and Nyerere's vision of African Socialism.

Not surprisingly given this change of thinking and Tanzania's disappointing progress, it was thought the aid to Tanzania had not

[26] A key informant of this evaluation pointed out that this was dispute Nyerere largely ignoring donor advice, commenting that "the nationalist leader himself was in the driving seat … donors were the wealthy passengers in the back seat".

been particularly effective (Bigsten *et al*., 2001).[27] The Contraction Phase was a culmination of thinking over the appropriateness of policy stance, Tanzanian economic performance and the effectiveness of the donor effort. Most donors, including Sweden, begun to scale down their aid levels to Tanzania in 1983. As shown in Figure 2.10, total ODA to Tanzania fell to $1713.4 million in that year. It fell again in 1984 and further still to $1466 in 1985.

The Adjustment Phase of 1986 to 1996 began with Tanzania's request for the IMF Stand-by Agreement in August 1986. Successive follow-on agreements were reached with the IMF and World Bank throughout the late 1980s and early 1990s (Bigsten *et al*., 2001). The new policy initiatives initially restored donor confidence in Tanzania and the upward trajectory in total ODA flows resumed, as is clear from Figure 2.10. As Bigsten *et al.* (2001) note, the strained relations with and a loss of confidence among donors owing to a lack of sufficient progress in implementing reforms led to a sharp reduction in total ODA flows to Tanzanian in 1994 to 1996. In 1996 total ODA to Tanzania was $1207.6 million, after peaking during the Adjustment Phase at $2018.26 in 1992. The World Bank replaced Sweden as the largest donor in terms of ODA volume in this period (OECD, 2015).

Donor confidence was, however, again restored following the above-noted agreement over recommendations of the Helleiner Report and the upward trend in ODA resumed in 1997, at the start of the Post-Adjustment Expansion Phase. This phase is characterized by strong and growth donor support. Donors, having seen Tanzania reasonably successfully deal with a sometimes difficult and sweeping period of reform, expressed this support through increased ODA flows over time. This is not to imply that there has been continually increasing aid from one year to the next, that it was all plain sailing so to speak. As mentioned, there has been tension between the donor community and the Kikwete government. This is reflected in the high

[27] One should note that these views were formed despite Tanzania's strong performance with respect to health and education achievements during the 1970s (as depicted above in Figures 2.4 to 2.6). Donors might have thought that these achievements could not be sustained without sustained economic growth.

degree of year-on-year volatility in aggregate ODA levels. For example, ODA fell from $2325 million in 2003 to $1789 million in 2005. But there has been very strong upward overall growth in aid since 1997, with total ODA increasing from $1436 million in 1997 to $3430 million in 2013, the highest level ever to Tanzania.

The discussion thus far has focused on ODA volume, the absolute amounts of this inflow received by Tanzania. More important from a development impact perspective is the level of ODA to Tanzania relative to economic and demographic aggregates such as GDP, population and domestic expenditure.

Tanzania ODA receipts relative to these aggregates are shown in Figures 2.11, 2.12 and 2.13.[28] Two facts dominate Tanzania's ODA receipt relative to GDP, as are evident from Figure 2.11.[29] The first is the massive increase in the Adjustment Phase. Tanzania's ODA receipts in 1986 were 6.1% of its GDP. This number had jumped to 36% in 1992. This number huge by international standards, with most countries typically receiving ODA which is the equivalent to between one and two percent of GDP, although higher ratios are common in sub-Saharan Africa. The second dominant fact about Tanzania's ODA relative to its GDP is the decline that started in the latter part of the Adjustment Phase and continued throughout the post-Adjustment Expansion Phase. This decline is almost as dramatic as the increase experienced between 1986 and 1992, with ODA relative to GDP falling to 8.5% in 1999. By 2013 ODA relative to GDP was 7.7%, thus returning to level not much higher to those received during much of the 1960s. The declines since 1992 are striking because in most part they have been observed during a period of strong growth in absolute levels of ODA to Tanzania. This says much about the Tanzanian economy over the last two decades, and has important implications for ODA effectiveness and what donors can realistically achieve.

[28] The GDP data used to calculate the ODA relative to GDP for the years 1970 onward were taken from IMF (2002) and (2015). The data used in these calculations for 1960 to 1969 were estimated using data in Edwards (2012) and IMF (2002). Population data used to calculate ODA per capita were taken from World Bank (2015).

[29] In presenting these data we need to note that ODA does not enter GDP directly and is not part of GDP. Instead it finances expenditure that enter GDP directly.

Per capita ODA receipts follow a broadly similar trend, as shown in Figure 2.12, although the peak occurred earlier, in 1981, toward the end of the Expansion Phase. In that year Tanzania's per capita ODA receipts were $97. In 2013 there were $68, roughly the same as there were 1975. The overall picture though is of economy that has depended less on ODA, in a purely quantitative sense, since the early 1980s.

Figure 2.13 presents data on ODA relative to Tanzanian government recurrent expenditure from 1990. Data for earlier years were not readily available. Some caveats on these data need to be stated. First, the ODA data will include support that is delivered off the Tanzanian budget. Second, the expenditure data do not include that on capital items or investment. From the perspective of aid directly supporting or supplementing government expenditure, both of these factors tend to overstate the relative importance of aid for the Tanzanian government budget. Thirdly, from a development perspective, what is more important to look at aid relative to development expenditures as it is typically these expenditures that donors seek to fund. For these and other reasons ODA relative to recurrent expenditure in Tanzania should be interpreted with caution. These caveats notwithstanding, the level of ODA to Tanzania relative to its recurrent expenditure is very instructive, pointing to the significance of these inflows in the Tanzanian economy. ODA was the equivalent of between 144 and 154 percent of Tanzanian government recurrent expenditure between 1990 and 1997. This number has trended downward in subsequent years, but still has averaged a very high 71 percent.

Figure 2.11: Official Development Assistance Receipts Relative to GDP,

Tanzania, 1960 to 2013

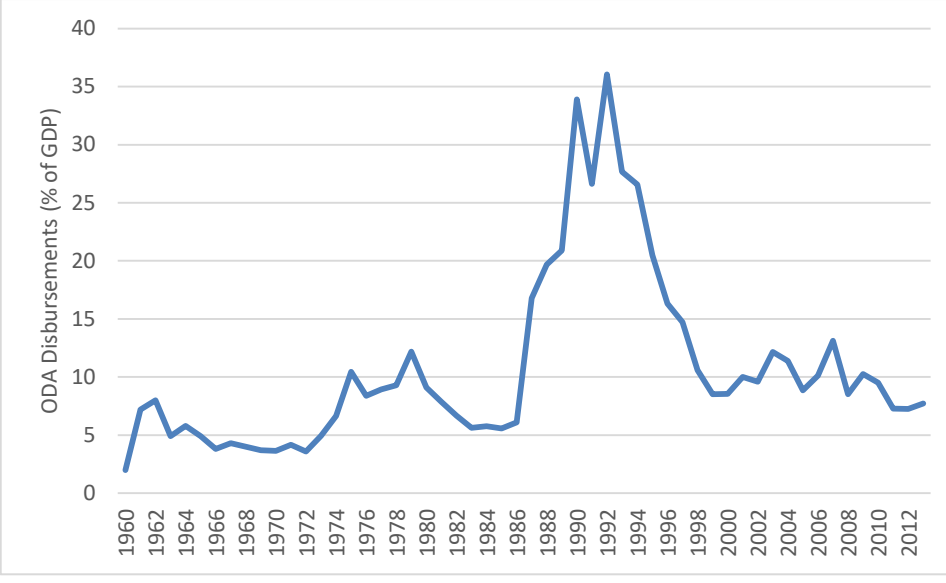


Figure 2.12: Official Development Assistance Receipts Relative to Population,

Tanzania, 1960 to 2013

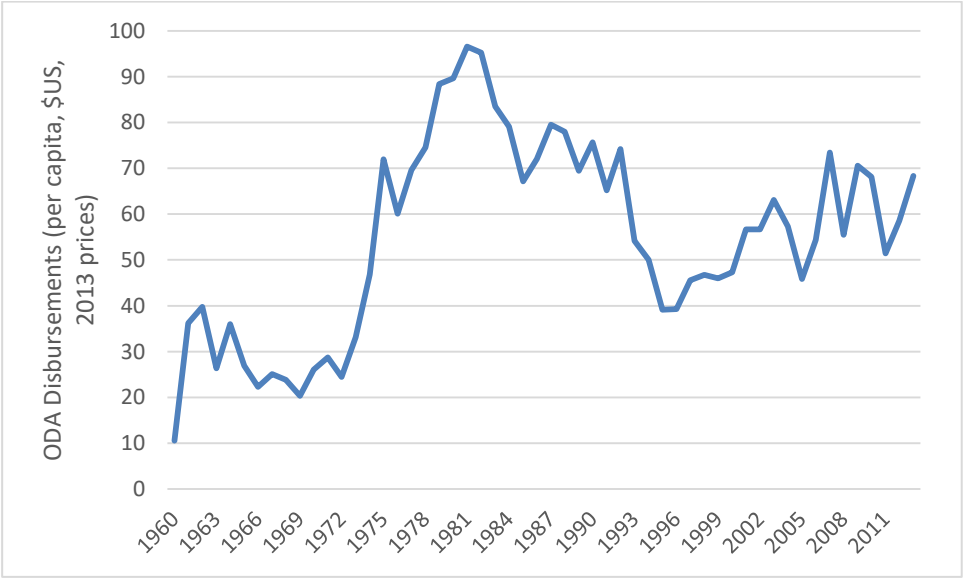
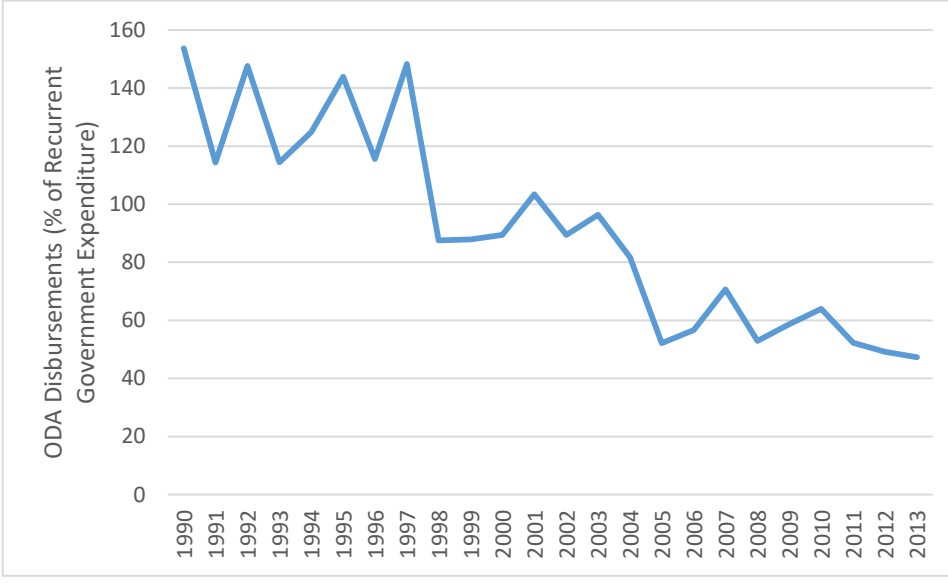

ODA Disbursements (per capita, $US, 2013 prices)
100
90
80
70
60
50
40
30
20
10
0
1960
1963
1966
1969
1972
1975
1978
1981
1984
1987
1990
1993
1996
1999
2002
2005
2008
2011

Figure 2.13: Official Development Assistance Receipts Relative to Recurrent Government Expenditure, Tanzania, 1990 to 2013



2.4.2 ODA Fragmentation and Proliferation

Another way that donor support can be examined is with respect to the number of donors supporting Tanzania, together with the number of activities they fund and the number of sectors in which they are active. This of course points us to the issues of fragmentation and proliferation mentioned in Chapter 1. Data on the first two of these topics are shown in Figure 2.14 and 2.15, respectively. The data are very clear: there has, over time, been significant surges each year in both the number of donors supporting Tanzania and the number of activities they fund within it. Seventeen donors provided aid to Tanzania in 1994, only two more than more than 20 years earlier, in 1973. In 2014 48 donors provided aid to Tanzania.[30] Donors funded 54 activities in Tanzania in 1973. This number had risen to 149 in 1988

[30] The donors under consideration are those for which individual data are provided by the OECD DAC. China and international NGOs are excluded, therefore.

and to 506 in 1994. By 2011 it had risen to 3742 activities, 69 times the number in 1973.[31]

These increases in one sense are pleasing as they indicate strong support for Tanzania in its development and poverty reduction efforts. But in another sense, consistent with the AQEF, they are deeply concerning. As Bigsten *et al.* (2001), Edwards (2012) and others have pointed out, Tanzania has traditional struggled with governance and related public administration issues. While Tanzania's capacities in these senses will clearly have increased since 1973, although not since 1977 if the data in Figure 2.9 are to be taken seriously, it is doubtful whether they have increased commensurately to the number of donors and donor support activities. Donor efforts can of course compensate for this, but this compensation would have to be significant to say the least. Indeed, the analysis of Odén (2016) would suggest that there has not been such compensation, with the situation being made worse in recent years owing to a tendency for donors to micromanage. Odén goes so far as to argue that what amounts to donor proliferation and fragmentation combined with this tendency has effectively prevented implementation of the Paris Declaration in Tanzania. The seriousness of this should not be overlooked.

Donor presence in DAC sectors is charted in Figure 2.16. By "presence", we refer to a donor funding one or more activity in a given sector, be it in Education, Health, Agriculture and Forestry and so on. There has been a steady increase in the number of sectors in which

[31] It should be acknowledged that it is not necessarily the case that all these activities will have been delivered in Tanzania. Some may have been delivered in donor countries but allocated to their Tanzania country programmes. These activities are likely to represent only a tiny proportion of total activities. The sectors to which we refer below are based on OECD DAC classifications. OECD DAC sectors identify the specific area of the recipient's economic or social structure that the transfer is intended to foster (OECD, 2015c). Data on DAC sectors are reported at various levels of aggregation. The sectors for which data are reported below refer to what is known as the DAC5 3 digit codes at the highest level of aggregation. This means that in the case of the education sector, for example, data are reported for education rather than basic education, secondary education and so on. For details of sectors used for reporting in 2014 are available from OECD (2015d).

donors have had a presence. One or more donors were present in 18 sectors in 1973. This presence increased to 36 sectors in 2014. Whether this indicates that donors are on aggregate spreading themselves too thinly, without a sufficient division of labor among them, remains to be seen. It also remains to be seen as to whether this increased presence and possible lack of division of labor has placed excessive stress on Tanzanian's capacity to effectively absorb development aid, adding to that associated with the number of donors supporting it and the number of activities they support. It would reasonable to speculate however, that this increased presence has made an already crowded donor environment even more crowded.

Donor supported activity proliferation is examined further with the aid of Figures 2.17 and 2.18. Not only has the overall donor effort obviously scaled up in Tanzania but so too have the efforts of individual donors on average. The level of ODA received by Tanzania per donor has increased from $38 million in 1972 to $75 million in 2014. The bureaucratic culture within donor agencies can be such that scaling up in a partner country involves funding more activities, with country programs not only being bigger financially but bigger in terms of the spread of funding across activities, doing more with more, so to speak. Has this driven the activity proliferation evident from the data presented above? If we look at the average number of activities supported by donor (as shown in Figure 2.14), the answer would appear to be no. The number of activities supported by donors has increased by 17-fold between 1973 and 2014, which is far less than the above noted 69-fold increase in the number of activities. It is at best only part of the story. This is consistent with the scatter plot shown in Figure 2.17.

Figure 2.14: Number of Donors Supporting Tanzania per Year, 1972 to 2014

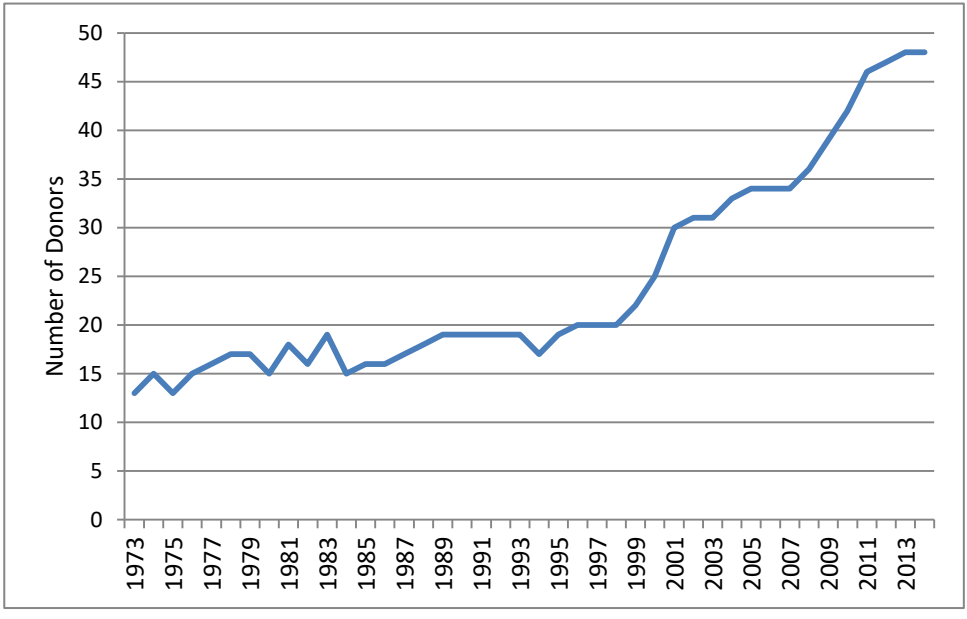


Figure 2.15: Proliferation of Donor-supported Activities per Year, Tanzania, 1972 to 2014

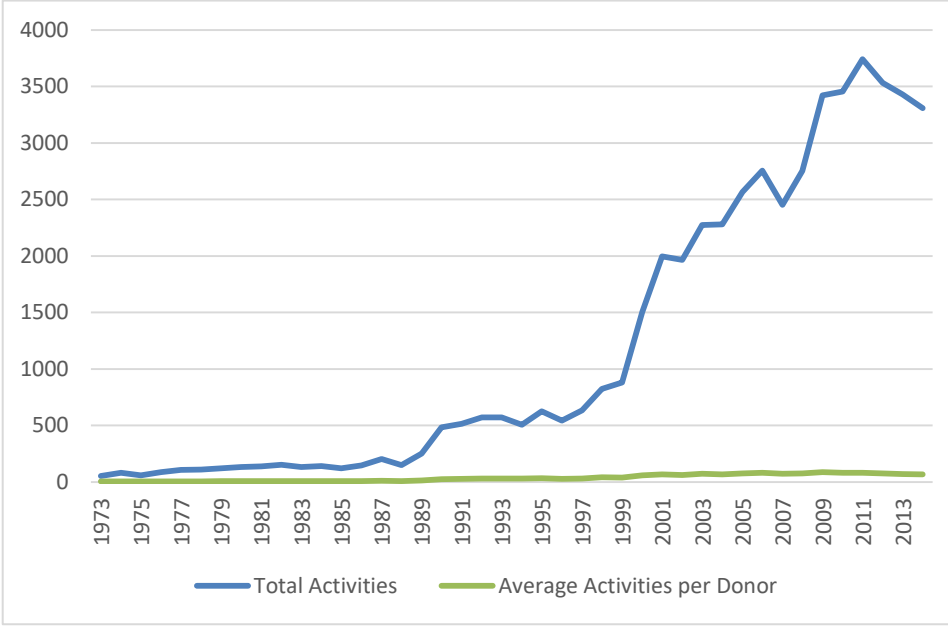
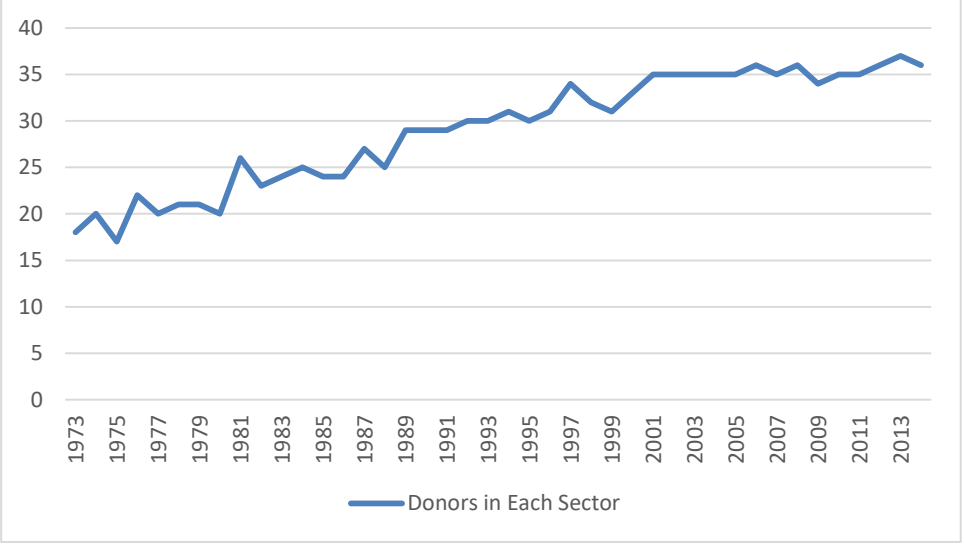


Figure 2.16: Donor Presence in DAC Sectors, Tanzania, 1973 to 2014



While the scatter plot shows an empirically weak statistical association between the number of activities and the average financial size of donor programs in Tanzania, the association is actually negative: more aid per donor is associated with less activities funded per donor. The answer would instead primarily lie in the growth in the number of donors supporting Tanzania, as Figure 2.18 strongly suggests. The conclusion that more donors means more activities is hardly surprising of course. But this outcome can be avoided, through such behavior as providing aid in the form of budget support of through delegated co-operation, where new donors instead of funding their own unique activities fund those of donors already operating in Tanzania through delegated co-operation modality. This behavior can clearly limit the extent of activity proliferation and in turn the additional burden on the partner country.

Figure 2.17: Scatter Plot of Number of Donor-supported Activities and Average ODA Levels by Donor, Tanzania, 1973 to 2014

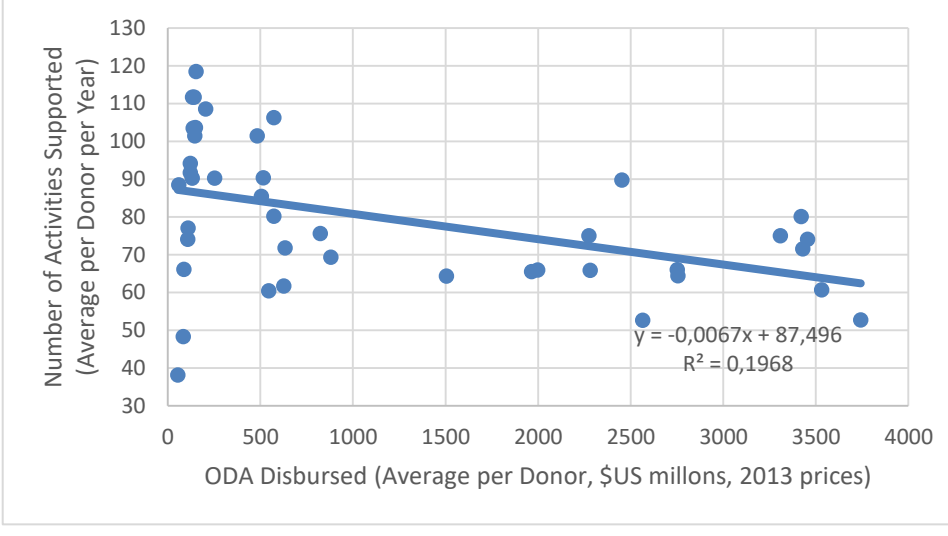
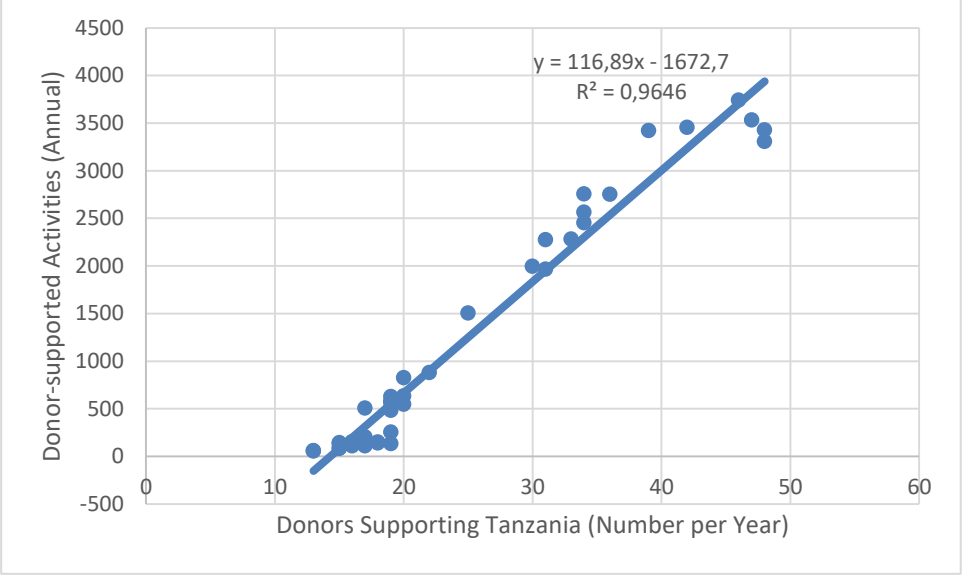


Figure 2.18: Scatter Plot of Number of Donor-supported Activities and the Number of Supporting Donors, Tanzania, 1973 to 2014



2.4.3 ODA Effectiveness

It is instructive to conclude our discussion of total donor support for Tanzania with consideration of evaluations of its effectiveness. As was pointed out above, the activities of any one donor, and the development results it can realistically achieve, will ultimately be influenced to varying degrees by the broader aid environment in the country in question, including the effectiveness of the combined donor effort. Put another way, the overall donor effort in any country will be part of the broader enabling environment faced by all individual donors. There have been many studies of aid effectiveness in Tanzania. Here we briefly focus on two owing to their breadth and time span.

These studies in question are those of Adam *et al*. (1994) and Edwards (2012).[32] Focusing on the period 1966 to 1992, Adam *et al.* concluded that "hard to argue that aid had a very positive effect on growth" in Tanzania, and that any growth that had been achieved being due to factors other than aid (Adam *et al*., 1994 p. 156).

Edwards asks whether Tanzania is a success story and if bilateral and multilateral aid donor agencies can validly claim to have played a role in this success. Edwards argues that from 1995 Tanzania looks like a success story. Its GDP per capita has grown significantly and faster than the average for sub-Saharan Africa, inflation has been kept in check, social program expenditure has increased markedly and the relationship with the donor community has been cordial and constructive. Edwards further argues that donors can validly claim to have played a constructive role in this period. This is consistent with what Bigsten *et al*. (2001, p. 341) concluded some ten years earlier, that "aid has unquestionably had a major [positive] impact on the reform process in Tanzania"

Yet Edwards (2012) takes a very different view if one looks further back in Tanzania's history. He states that the Tanzanian economy:

[32] The Adam *et al*. (1994) study was primarily concerned with the effectiveness of Swedish aid to Tanzania, but also drew conclusions for the overall donor effort.

collapsed completely in 1980-1985, and that it took many years (about a decade) for it to find its stride and begin to recover in earnest … the disintegration of the economy was the result of misguided policies and of a remarkable inability to change directions even in light of overwhelming evidence of failure … international aid organizations and aid agencies in the advanced nations were accomplices in generating [this] collapse (Edwards, 2012, p. 43).

While Edwards does not in this statement acknowledge that other factors such as the increase in international oil prices and war with Uganda (among the others mentioned above, to which Tanzania is highly vulnerable as a poor, commodity-based economy) also contributed to the economic collapse, the finding that Tanzania's policy stance and support from donors played a key role in the collapse is one that has wide support among commentators.[33] The Tanzanian economy would have suffered from the various shocks to which it was subject throughout much of the 1970s no matter how developmentally appropriate its policy stance might have been, but it would appear to be reasonably clear that this stance made the extent of subsequent suffering significantly worse.

2.5 Conclusion

What has happened to poverty in Tanzania over recent decades? The rather scarce data tell us that after increasing between 1992 and 2000, poverty rates based on international poverty lines have since fallen. This is especially the case with the $PPP12.5 poverty line, with the proportion of Tanzanians living below this line having fallen from 84% to 43% between 2000 and 2012. That said, there are more

[33] It also should be acknowledged that Tanzanian achievements in health and education have over time repeatedly been superior to the low-income and low- and middle-income country groups as a whole, as was noted above. This is consistent with government efforts in these sectors dating back to the Nyerere years. As such one should not assume that Tanzanian government policy has failed to made any positive contributions to development in Tanzania. To the contrary, it has, it is just that many policy failings tend to over-shadow or deflect attention from these contributions.

Tanzanians living in poverty based on these poverty lines in 2012 than some 21 years previously, in 1992. Improvements are evident with respect to achievements in health, education, water and sanitation, although primarily school completion rates based on the most recently published data are currently lower than in the early 1980s.

Tanzania's macroeconomic performance, policy setting and institutional performance have been well documented. It is a gross understatement to note that this performance has been variable. The 1960s and 1970s were characterized by volatile economic growth and rising inflation. The early 1980s witnessed economic collapse owing, in part, to what are generally considered to have been inappropriate policies. It was not until 1996 that a sustained recovery was achieved, and since then impressive rates of economic growth have been achieved. Policy and institution stance has improved substantially from this year and has shown overall improvement since.

Donor support for Tanzania has been rather like its development record. It has risen, fallen, partially recovered and then followed an upward although rather unstable trend since 1996. It is fair to say that when donors have had confidence in Tanzanian development policy they have provided very strong support, both in terms of the volume of aid and the number of supporting donors. This is encouraging as it is suggestive of strong alignment between government policy and donor support. Popularity has not been without complication, however, with clear evidence of fragmentation in and proliferation of donor support. Seventeen donors provided ODA to Tanzania in 1994, only two more than more than 20 years earlier, in 1973. By 2014 this number had risen to 48. Donors funded 54 activities in Tanzania in 1973. This number had risen to 149 in 1988 and to 506 in 1994. By 2011 it had risen to 3742 activities, 69 times the number in 1973. While this may be pleasing as it is indicative of strong donor support, it is extremely worrying on the developmental grounds, including the effective implementation of the Paris Declaration in Tanzania.

Assessments of the overall developmental effectiveness of aid to Tanzania suggest that while it has played a generally positive role in this regard since the mid-1990s, the reverse is the case for earlier years.

An influential study cited above goes so far as to consider that the donor community contributed the early 1980s collapse of the Tanzanian economy. Reductions in aid in these years played a role, but it is reasonably clear that a failure in the late 1970s to challenge the Tanzanian Government to change its policies until it was too late played a much greater role. This was in essence a failure of dialogue.

What do the above findings tell us about the effectiveness of Swedish bilateral aid to fighting poverty in Tanzania? Might poverty rates and the number of people living poverty be higher in Tanzania in the absence of this aid? Strictly speaking they tell us very little directly about this effectiveness, but they certainly point to an extremely difficult enabling environment, especially during the late 1970s to mid-1990s. This environment has clearly become less difficult since the mid-1990s, although one would expect that the extent of proliferation and fragmentation of donor support has been unhelpful in this regard.

Chapter 3 Swedish Bilateral Development Aid to Tanzania

3.1 Introduction

Our focus now turns specifically to Swedish bilateral development aid to Tanzania. What have been the levels and trends over time in Swedish bilateral development aid to Tanzania? How predictable has this aid been over time? What has been the extent proliferation and fragmentation of this aid? What development sectors within Tanzania has this aid funded? What development strategies have guided the allocation of this aid? What have previous evaluations with a poverty focus concluded about the effectiveness of Swedish bilateral aid to Tanzania?

These questions are addressed in this chapter. Its focus on levels, trends, predictability and sectors is empirical. While much of this enquiry is guided by the AQEF, elaborated above in Chapter 1, the main purpose is predominantly descriptive. Some detail of broader contextual matters, relating to the operating and enabling environment in which Swedish bilateral aid to Tanzania has been provided over time, is provided, with much more following in later chapters. All ODA and related data presented in this chapter are taken from OECD (2015a) and the Swedish National Archive in Arninge, Sweden.

3.2 Swedish ODA Volume 1962 to 2013

Swedish bilateral aid to Tanzania has totaled $6.08 billion, or 8.4 percent of total Swedish bilateral ODA, between 1962 and 2013.[34]

[34] These dollar amounts are in constant 2013 prices. The unit of currency is the United States dollar. At the time of obtaining ODA flow data for this evaluation, the latest year for which data were available was 2013. There was one exception to this for Swedish sectoral

This deems Tanzania the largest recipient in volume terms of Swedish bilateral ODA over this period. Sweden ranks third among Tanzania's ODA donors between 1960 and 2013 in terms of volume. The World Bank IDA and the United Kingdom are the top and second ranked donors, respectively, over this period. Sweden provided more ODA to Tanzania than any other donor during the period 1960 to 1996.

Swedish ODA to Tanzania rose steadily from its relatively humble quantitative origins in 1962 throughout the 1960s and 1970s. From a base of $0.18 in 1962, Swedish bilateral aid reached $223 million by 1977, its second highest recorded level ever. Sweden dominated Tanzanian ODA receipts in the 1970s, being the top ranking donor in terms of volume in every year from 1971 to 1979. Sweden provided 16 percent of total ODA to Tanzania during 1970 to 1979. During these years Sweden closely aligned itself with the industrial development policies of the Nyerere government and, more generally, to the concept of African Socialism. Sweden and the other Nordic donor governments were most comfortable with this concept given many commonalities with their own social democratic principles.[35]

We have already noted that the 1970s and 1980s were tumultuous years in Tanzania. Swedish bilateral aid volume fell for much of the early- to mid-1980s owing to concerns over the policy and institutional environment in Tanzania. This trend was strikingly reversed in 1986, after the reform agreement with the IMF, when Swedish ODA to Tanzania reached its highest ever level, at $240 million (see Figure 3.1). This level of support was, however, short

---

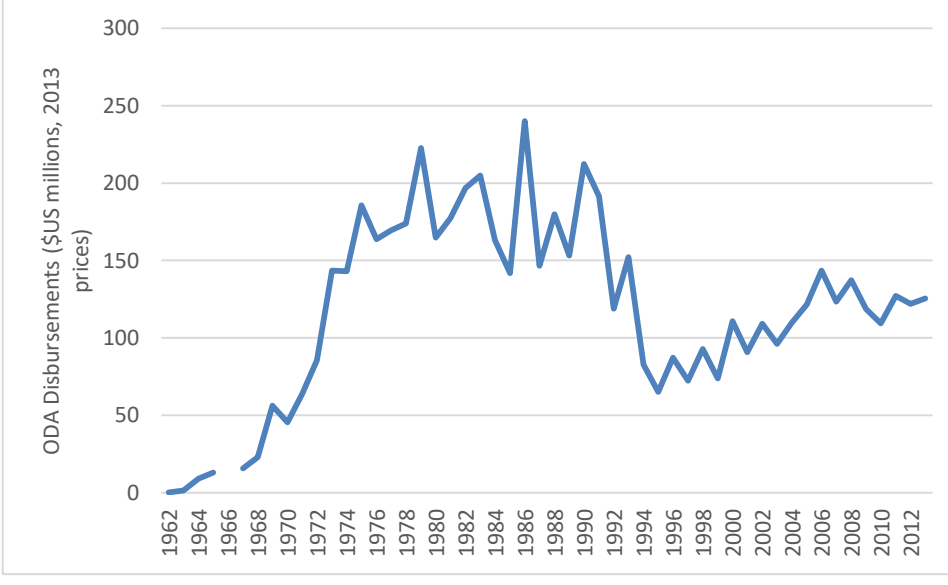
data. These data for 1965 and 1972 were taken from documents obtained from the Swedish National Archive. Details of these documents are available from the authors of this report. For activity and sector data, the latest year for which data were available was 2014. In OECD (2015a), the earliest years for which ODA flow and activities and sector data were 1960 and 1973, respectively. These was an attempt to used data from databases held by Sida, but this proved unfruitful owing to the data for 1989 to 1997 not being coded by sector. Finally, for reason or reasons unknown, Swedish ODA data for 1966 are not provided in OECD (2015a) and could not be located at the Swedish National Archives. This explains the gap in the chart lines displaying Swedish ODA flows in the relevant figures shown below.

[35] As Bagachwa *et al*. (1992) wrote: "If the Arusha experiment had not existed, the western social democrats in the 1970s would have invented it" (cited in Edwards, 2012: 21).

lived. Swedish aid fell in volume in 1987 and continued to trend downward again, reaching $64 million in 1995. Concerns over the stalled reform process under the Mwinyi presidency contributed to this downward trend. This changed in 1995 with the acceptance of Helleiner report recommendations and the coming to office of the Mkapa government. Swedish ODA then commenced an overall upward trend thereafter, despite declines in the mid- to late-2000. It stood at $125 million in 2013.

Figure 3.1: Swedish Official Bilateral Development Assistance to Tanzania,

1962 to 2013



The share of Swedish bilateral ODA in Tanzania's total annual ODA receipts is shown in Figure 3.2. Data on this share are interesting in light of the comments made above about the dominance of Swedish ODA to Tanzania in the 1970s. This share followed a strong upward trend from 1963 to 1973, when the share of Swedish in

total ODA to Tanzania peaked at 29 percent. Interestingly, the share from 1973 trends downward. While Swedish ODA volume trended slightly downward from the mid- to late-1980s onward, and Sweden was the top ranked donor in terms of volume in each of the years 1971 to 1979, the declining share is primarily due to increased ODA from other donors, the United Kingdom and World Bank in particular during the Adjustment Phase mentioned above. This indicative of the very crowded aid environment in Tanzania discussed in Chapter 2.

If there is a single feature that characterizes Swedish ODA allocation to Tanzania aside from its strong upward trajectory during the 1960s and 1970s, it is its year-on-year variability, especially from the early- to mid-1980s onwards.[36] There could be valid developmental reasons for this.[37] But it is reasonably well established in aid policy and research circles that year-on-year variation in ODA receipts if not largely anticipated by the recipient, so that variability is associated with unpredictability, results in lower ODA effectiveness than would otherwise be the case.[38] Predictability is important if aid is to be aligned with recipient country development efforts, as both the Paris Principles and therefore the AQEF recognize.

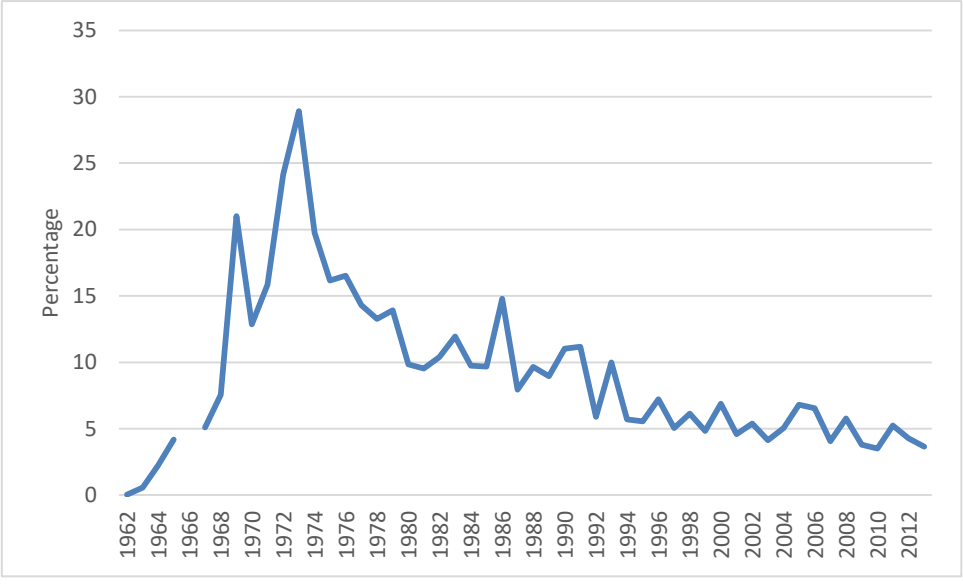
Figure 3.2: Swedish Share of Total Official Development Assistance to

Tanzania, 1962 to 2013

[36] A well-known measure of variability is the coefficient of variation. The coefficient of variation for year-on-year Swedish ODA to Tanzania from 1983 to 2013 is 0.33. That for total ODA to Tanzania over this period is 0.30.

[37] Another reason, which cannot be discounted, is variation in the exchange rate between the Swedish kronor (in which Swedish aid allocations are determined) and the United States dollar.

[38] See, for example, IMF (2007) and World Bank (2007). Lensink and Morrissey (2000) provide empirical evidence that aid instability reduces the positive impact of aid on growth in recipient countries. We note that aid unpredictability can be measured in a number of ways other than year-on-year variability, and that such variability need not be equated with unpredictability if it is effectively communicated by the donor to the recipient in advance of the recipient formulating budgetary and other plans. Another measure of unpredictability is the deviation of disbursements for a given year compared to commitments for that year. While such a deviation does not necessarily capture unpredictability from the recipient perspective, we do not present it here owing to difficulty in obtaining data on commitments for specific years.



3.3 Proliferation and Fragmentation

The number of activities funded by Swedish ODA each year in Tanzania is shown in Figure 3.3.[39] There has since the late 1980s been considerable year-on-year variation in the number of activities it funds. Between 1973 and 1988 no more than 26 activities were funded in any one year. In 1991, 221 activities were funded.[40] This fell to 92 in

[39] The caveat stated regarding the number of activities funded by all donors in Tanzania in Chapter 2 needs to be repeated here. That is, it should be acknowledged that it is not necessarily the case that all these activities will have been delivered in Tanzania, although those funded outside of it are likely to be a very small proportion of the total.

[40] This increase in activities funded from 19 in 1988 to 221 in 1991 is worthy of further comment. One wonders whether there was a change in reporting practices, moving from aggregated to disaggregated reporting. Qualitative (informant) investigation could not answer this question. The increase is, however, consistent with a substantial increase in the number of sectors in which Sweden funded activities, from eight in 1988 to 20 in 1989 and 25 in 1990. This, combined with the fall in reported activities in subsequent years, might suggest that the increase in activities was not due to a change in reporting practices.

2004, but then jumped to 261 activities in just two years, in 2006. In 2014, Swedish ODA-funded 145 activities in Tanzania. These numbers are uncomfortably high, and as is evident from Figure 3.3 is well above the donor average in Tanzania. This has made an already bad situation worse given the very large number of activities funded and donors present in this country, as was reported in Chapter 2.[41]

Sweden's sectoral presence has also varied markedly over time, and from the late 1980s follows a similar trend to the number of activities it funds. As shown in Figure 3.4, Sweden's sector presence has varied from three to 32, in the years 1978 and 2006 respectively. Since the late 1980 the variation in this presence such that in 1989 Sweden was involved in eight sectors, in 1991 this had risen to 27, reasonably steadily fell to 18 in 2004, spiking at 32 in 2006, and then falling back to 18 by 2004. This is not to deny that Sweden might have made significant investments in some sectors by remaining in them over long periods of time, but overall the data in Figure 3.3 might suggest a lack of focus in the Swedish ODA program.

The number of sectors in which Sweden has provided support in Tanzania is useful information, but arguably more important is the relative emphasis Sweden has given to these sectors as indicated by the share of funds it has allocated to each. The key question here is whether the Swedish ODA program in Tanzania has addressed pressing development needs. As noted above, this relates to an attribute of aid quality and in turn effective aid, as defined by the AQEF. We do not seek to answer this question just yet, instead providing information on the focus of the program from 1962 below.

Figure 3.3: Swedish-funded Aid Activities, Tanzania, 1973 to 2014

[41] The increases in Swedish-funded activities appears not to have been driven by an increase in the annual levels of it bilateral ODA to Tanzania, based on the same simple statistical analysis for which results were reported in Chapter 2.

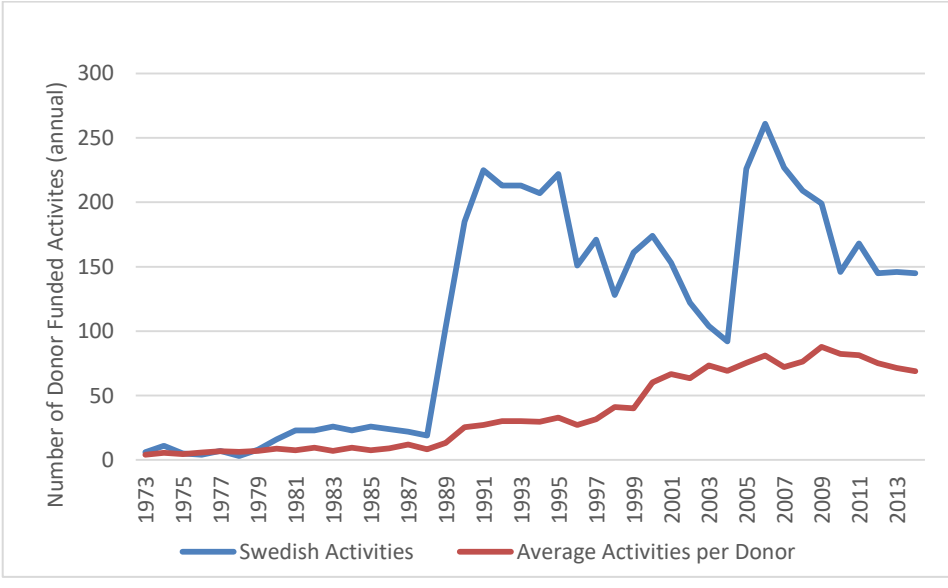
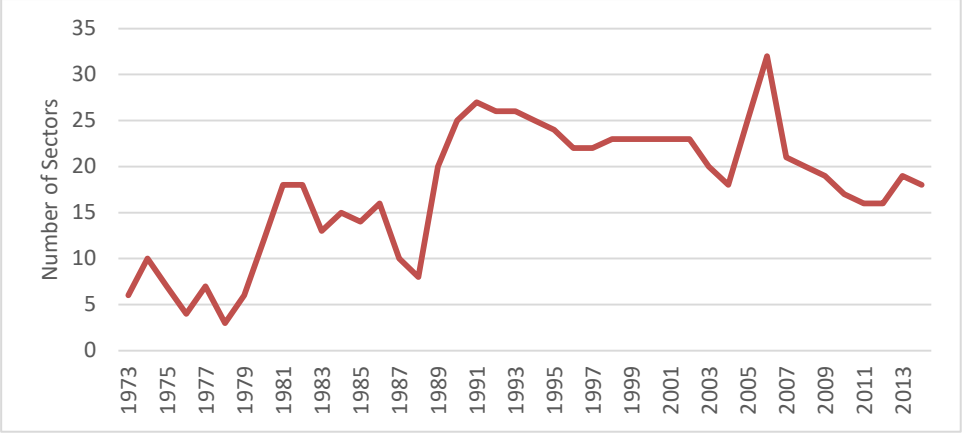

Number of Donor Funded Activites (annual)
300
250
200
150
100
50
0
1973
1975
1977
1979
1981
1983
1985
1987
1989
1991
1993
1995
1997
1999
2001
2003
2005
2007
2009
2011
2013
Swedish Activities
Average Activities per Donor

Figure 3.4: Swedish Presence in DAC Sectors, Tanzania, 1973 to 2014



3.4 Sectoral Focus

Information on the sectoral focus of Sweden's development co-operation with Tanzania is shown in Table 3.1.[42] Sectoral foci of development co-operation programs are of course a function of the corresponding country strategy. Summary of Sweden's development co-operation country strategies in Tanzania are provided in Box 3.1.

A feature of Swedish ODA during the early decades was its support for Tanzania's industrialization efforts. This is reflected in ODA funds allocated to education and industry, which dominate the sectorial focus of Swedish ODA to Tanzania until the late 1980s. Thirty-two percent of Swedish ODA in the 1960s was allocated to education and 38.8 percent of it was allocated to industry during the period 1985 to 1989. A closer look at support provided to the

[42] The sectoral shares shown in Table 3.1 do not sum to 100 owing to expenditure on research being separately reporting and appearing in a number of other sectors.

education sector shows that it was largely of a technical nature focusing on adult education. Essentially it involved training adults in areas of competence required for a more modern, industrialized economy. Swedish support for industrialization is also consistent with Swedish ODA coded under the Other Commodity Assistance sector, which comprised 26.9% of ODA provided during the period 1980 to 1984. This assistance mainly involved financing the importation of capital goods. Swedish support for the modernization of the Tanzanian economy is also reflected.

Box 2.1: Summaries of Sweden-Tanzanian Development Co-operation Country Strategies

Over the years Swedish-Tanzanian development co-operation has engaged almost all sectors of society, including education, health, water and sanitation, environment, energy, infrastructure, natural resources, private sector and budget support. Although the modalities have changed from projects to programmes and general budget support, the Swedish support has from its very inception been linked to government priorities, and in coordination with government institutions.

Documents and agreements from the **early 1960s**, show that Sweden was aiming at supporting Tanzania based on its own priorities as laid out in the 1964-1969 five-year national plan. Agreements between the governments of Tanganyika and Sweden on individual projects were entered before that. An example was the Nordic-Tanganyika Centre in Kibaha. In 1964, Sweden decided to support the sectors of education, agriculture (including fisheries), and electrification from the national five-year plan.

In the **1970s,** Sida introduced "country programming" giving commitments to projects in Tanzania over several years and covering a range of sectors in particular education and industry. In the mid 1970s, Sweden started to allocate money to import support, to counter increasing balance of payments problems. Within industrialization, Sweden supported both through government support and through twinning arrangements with Swedish small-scale industries. In addition, Sweden and Tanzania embarked on a long lasting collaboration in the energy sector, which began with the construction of the Kidatu hydro power station followed by other hydro power plants.

The **1980s** saw economic reforms, as Tanzania had been in a difficult economic situation for years. In combination with deteriorating external conditions, the situation got worse in the 1980s and IMF and other donors pushed for economic reforms and deregulations through an externally funded a Structural

Adjustment Program (SAP). At first, the Tanzanian government rejected the SAP, and Sida supported not this rejection but the principal of country ownership of economic reform programmes (which it thought that Tanzania did not have) but later changed its position and overtly supported the economic recovery program introduced in 1986.

At the beginning of the **1990s,** Swedish assistance was increasingly concentrated on support for the balance of payments and government budget, and the linkage of Swedish aid to further reforms in the economy continued. The overriding objectives of Swedish assistance since the 1990s have been economic growth, equity, and environmental conservation. This has entailed increased prominence to governance, human rights, media and the promotion of gender equality.

In the **2010s**, the current strategy (2013-2019) is structured around three result areas and it highlights economic growth for poverty reduction, private sector development and human rights and transparency as key elements for democratic society. Civil society and the private sector are becoming more important partners in the co-operation. As a strategy document, it is much shorter than previous strategies and it furthermore differs from previous strategies in setting forth quantitative targets including 10,000 people who have completed vocational education and training find employment and at least 300,000 people to gain access to electricity.

Table 3.1: Sectoral Allocation of Swedish ODA to Tanzania, 1962 to 2014

Percentages

	1962 to 1969	1970 to 1974	1975 to 1979	1980 to 1984	1985 to 1989	1990 to 1994	1995 to 1999	2000 to 2004	2005 to 2009	2010 to 2014	1965 to 2014
General Budget Support					1.9	8.2	4.2	25.1	57.2	40.8	18.0
Education	32.3	14.8	17.1	16.2	18.5	2.0	13.5	19.7	4.9	2.0	12.9
Industry	17.8	5.6	18.2	27.4	38.8	6.9	2.4	0.2	0.3	0.1	12.7
Energy		1.4		3.9	0.6	1.2	3.5	9.2	13.1	17.3	9.6
Government & Civil Society		1.7	14.8	2.5	4.9	2.8	8.5	12.9	1.7	22.2	8.7
Other Multisector		1.7	0.1	3.5	9.4	5.8	7.5	11.2	5.8	3.6	6.5
Other Commodity Assistance			13.2	26.9	7.7	11.2	0.7				6.1
Water and Sanitation	1.7	30.4	13.6	7.3	1.3	11.5	7.9	1.4	0.2		5.3
Agriculture & Forestry	1.4	16.5		6.8	1.5	15.3	6.9	1.7		3.9	4.9
Health		12.4		2.4	2.4	3.3	3.7	4.3	1.0	3.5	2.7
Transport & Storage		1.9	0.4	0.3	6.8	3.8	0.3	0.2			2.1
Communications			0.6	1.5	1.3	4.9	6.9	1.2	0.6	0.3	2.0
Banking & Financial Services			6.3		3.2	1.4	0.7	0.5	1.9	0.1	1.8
Action Relating to Debt			13.8			0.4	3.6				1.3
Research			0.1	0.5	1.7	0.0	0.7	5.0	4.8	1.0	0.9
Other Social Infrastructure & Services		4.8		0.7	0.7	1.7	1.8	1.8	1.9		1.1
Business & Other Services					0.4	0.5	0.8	2.7	1.3	1.9	0.9

Research			0.1	0.5	1.7	0.0	0.7	5.0	4.8	1.0	0.9
Population & Reproductive Health								5.6		0.2	0.7
Emergency Response			1.7	0.3	0.5	0.4	2.0	1.5	0.3	0.1	0.5
Mineral Resources & Mining					1.3	0.3	0.7				0.3
General Environmental Protection						0.6	0.3	0.3	0.2	1.1	0.3
Food Aid		9.5	1.6	0.6							0.3
Trade Policies & Regulations			0.2	0.7	0.1	0.5	0.7	0.7	0.5	0.9	0.2
Fisheries	38.8					0.4	0.7	0.5	0.6		0.2
Other (including unallocated)			0.2	0.4	0.6	1.0	0.5	2.3	2.0	2.1	1.0

project level funding. Some of the better known projects funded by Swedish ODA from the mid- to late-1970s were the well-known Kidatu Power Station and the Mufundi Paper Pulp Plant (Government of Sweden, 2013). In the mid-1960s Sweden funded the Electrification Project implemented by the Tanganyika Electricity Supply Company. This appears to have been one of the largest funding allocations provided under the Swedish ODA program in the 1960s.[43]

A major change in the orientation of the Swedish ODA program in Tanzania occurred in the 1980s. Concerned about the impacts of high inflation and cuts in Tanzanian government expenditure on areas including health and education during the initial period of economic reform, Sweden played an active role in arguing for debt cancellation and the protection of social expenditures (Government of Sweden, 2013). Sweden's concerns regarding debt were evident in the mid- to late-1970s. As is shown in Table 3.1, 13.8 percent of Swedish ODA during the period 1975 to 1979 to Tanzanian debt was allocated to debt reduction. What is evident from the 1980s is an ongoing emphasis on Education, but also with an increased emphasis on the Health and Water and Sanitation sectors, as is shown in Table 3.1. There was also an increased emphasis on Agriculture and Forestry, with 15.3 percent of Sweden's ODA to Tanzanian being allocated to this sector between 1990 and 1994. No other sector was allocated as much Swedish ODA in this period.

The period from 2000 is dominated by the rise of budget support. General budget support jumped from 4.2 percent of Swedish ODA to Tanzania in 1995 to 1999 to 25.1 percent in 2000 to 2004, and to a massive 57.2 percent in 2005 to 2009. During 2010 to 2014 it

[43] The sectors shown in Table 3.1 are those employed by the OECD DAC in reporting aid data. The data in this table have been assembled from the OECD Corporate Reporting System (CRS) data reported in OECD (2015a). We note that some of the early sectoral classifications on which the data in Table 3.1 are based seem to be rather fuzzy or opaque. By this it is meant that the Electrification Project would be expected to be allocated to the Energy Sector, whereas it was allocated to Industry. We also note that the percentage breakdown of Swedish ODA for the entire period 1962 to 2014 should be interpreted with care, as it is based on current price as opposed to constant price data. This obviously understates real shares allocated to sectors in the earlier periods. We also note that Research is not a DAC sector, but has been delineated on the basis of the potential strategic importance of funding for research identified later in this report.

constituted 40.8 percent of Swedish ODA to Tanzania.[44] This is pleasing as such support is indicative of good quality aid according to AQEF, as it tends to be aligned with partner government priorities, promotes mutual accountability and ownership. Other types of aid were important, with ODA spending on Government and Civil Society sector and the Energy sector constituting 22.2 and 17.3 percent of this ODA, respectively, during 2010 to 2014.

A concluding observation on the sectoral allocation is its dynamic, often changing, focus over the time period under consideration. What has driven this, and what might its implications be? Here we are left to largely speculate as our investigation into this matter was not entirely fruitful. Part of the story, it seems is an effort by Sweden to support the priorities of government of Tanzania. Early support for education and industry is consistent with this, as is support for government (and civil society) and especially budget support in the later years. The provision of budget support was also consistent with international thinking about effective aid from the late 1990s (or even earlier in some circles) onwards.

3.5 Evaluations of Swedish ODA to Tanzania

Sweden has long had a reputation for being a donor with a strong poverty focus, putting poverty reduction ahead of other objectives. Carlsson (1998, p. 22), for example, wrote that "to raise the standard of living of poor people ... is the supreme, and uncontested, objective of Swedish aid, which has survived 35 years of international development". While Carlsson wrote this more than a decade ago, the poverty orientation is still emphasized in subsequent documents and policy statements, including in the new Tanzania Development Co-operation Strategy announced by Sweden in 2013.[45]

[44] As is pointed out below in Chapter 5, general budget support was suspended in late-2014 owing to a corruption scandal, although was resumed in early-2015. This primarily accounts for the reduction in the percentage share of Swedish for budget support between 2004 to 2009 and 2010 to 2014.

[45] In Government of Sweden (2013, p.3) it is stated that the "new development co-operation

Despite this strong focus there is relatively little knowledge on the impact of Swedish ODA on poverty reduction or the drivers of this reduction in Tanzania at the country program-wide level. This is not to say that evaluations of particular programs or projects have not looked at these impacts. For example, Katilia *et al.* (2003) found that the contributions of Swedish forestry aid to poverty reduction in Tanzania were difficult to assess, and that until the 1990s poverty reduction was not really explicitly addressed in most of the Sida-assisted forestry projects.

To our knowledge, the only country program-wide evaluation of development co-operation between Sweden and Tanzania over time is that of Adam *et al.* (1994). Adam *et al*. examined this co-operation for the period 1966 to 1992, looking most closely at the period from 1980. The evaluation was primarily concerned with the impact of Swedish ODA on Tanzanian economic growth and its determinants. It also made some attempt, albeit limited given the paucity of requisite information, to evaluate the impact of this ODA on equity and in turn poverty reduction. Adam *et al*. made the point that it is not possible to disentangle the impact of Swedish ODA on economic growth in Tanzania from the growth effect of the overall donor effort in that country. This is particularly valid point. Aid is one of very many potential drivers of growth and during the period examined by Adam *et al*. Sweden was one of many Tanzanian aid donors. To be able to draw conclusions regarding the impact of Swedish aid on growth in this country one would need to be able to identify the counterfactual (what growth in Tanzania would have been in the absence of Swedish aid) and that is not possible methodologically. The Adam *et al.* evaluation did, however, draw conclusions of sorts about the overall impact of aid to Tanzania over the period under consideration. That conclusion was that it is "hard to argue that aid had a very positive effect on growth" in Tanzania, and that any growth that had been achieved being due to factors other than aid (Adam *et al*., 1994, p.156).

---

strategy between Sweden and Tanzania focuses on sustainable growth for poverty alleviation", while at the same time trying to reduce a reliance and aid and increasing the roles of trade, investment and "political and cultural collaboration".

On the determinants of growth in Tanzania, Adam *et al.* were able to identify a number of possible effects of Swedish aid. It was observed that Sweden had made a positive contribution to human capital formation through its support for education in the 1960s and 1970s, although these achievements were not sustained in later years. Sweden also supported reforms implemented in the late 1980s in response to Tanzania's economic collapse, in particular through support for public administration.

On the negative side of the ledger, Adam et al. found that Sweden was thought to have contributed to lower growth through: (a) its early attempts to support industrialization, which "did not fare well" by indirectly supporting up to the mid-1980s a development strategy in Tanzania that proved to be unviable largely due to its inward looking economic policies (and by implication, with a possible bias against agriculture on which the majority of the poor depended for their livelihoods), and; (b) making it possible in the early 1980s for Tanzania to delay economic policy adjustment by being reluctant to join the donor critiques of earlier policies (Adam *et al.*, 1994, p. 154). The first of these findings has widespread support. Thorkildsen (1988), for example, argues that assisting industries within the parastatal sector was often akin to "watering white elephants". This second finding remains the subject of contention. It is consistent with the observation that Nyerere received support from Sweden (along with other Nordic donors and the International Labor Office) in his resistance to economic reform during this period (Hydén and Bo, 1993, cited in Edwards, 2012). It is, however, disputed by a key informant, with first-hand knowledge of the delivery of Swedish bilateral aid to Tanzania during the early- to mid-1980s, interviewed for the case study analysis presented below in Chapter 5. That key informant acknowledged that Sweden relative to other donors was slow to articulate the case for reform, but was mainly concerned with ensuring Tanzanian ownership of economic reform policies.

Adam *et al.* (1994) have much less to say about impacts of Swedish aid on poverty. What is pointed out is that early Swedish support for agriculture could have raised the welfare of the rural poor, which constitute the majority of Tanzanians living in poverty. Yet it was

thought that these benefits would not have been sustained owing to the economic problems of the 1980s.

Adam *et al*. (1994) provide a number of forward looking recommendations. One concerns absorptive capacity, which Adam *et al.* seem to define in a very similar way to the AQEF. In this context, they point out that Tanzania lacked the administrative machinery to handle aid effectively and called for the need to provide aid in a way that is "administratively simple and does not over burden the apparatus" (p.162). They also point out that in the early 1990s Tanzania had to deal with over 50 donors and more than 2000 aid projects. This lends weight to the concerns voiced above regarding donor and activity proliferation in Tanzania.

3.6 Conclusion

Sweden has been a key aid donor to Tanzania, ranking third among Tanzania's ODA donors between 1960 and 2013 in terms of volume of its bilateral support. It provided more ODA to Tanzania than any other donor during the period 1960 to 1996. Sweden dominated Tanzanian ODA receipts in the 1970s, being the top ranked donor in terms of volume in every year from 1971 to 1979. A feature of this support has been its clearly apparent year-on-year variability, especially from the early- to mid-1980s onwards.

These is evidence of activity proliferation and sectoral fragmentation in Swedish bilateral assistance. Since the late 1980s it funded an uncomfortably high number of individual activities in Tanzania, far more on average than other donors. Sweden has been active in as many as 32 sectors in Tanzania in any one year. There has also over time been strong growth in the number of sectors in which it has been involved in Tanzania. One interpretation of this is that it reflects a lack of focus in Sweden's bilateral support, although there could be compelling reasons for simultaneously staying in some and entering others.

The sectoral focus of Swedish bilateral support, indicated by the shares of this support allocated to the various sectors has changed appreciably over time. The dominant change has been the rise of General Budget Support in the 2000s. More than half of Swedish bilateral assistance since 2005 has been allocated to this support. In earlier periods support for Industry, Action Relating to Debt, Education and Agriculture and Forestry has featured heavily in the sectoral focus of Swedish bilateral assistance. Whether the foci over time of this support has been appropriate from a poverty reduction perspective remains to be seen. For the present our aim is to simply note these foci, and will address this appropriateness later in this document.

There have been few previous evaluations of the impact of Swedish aid on poverty reduction in Tanzania. The only the only country program-wide evaluation of development co-operation between Sweden and Tanzania over time is that of Adam *et al.* (1994), which looked at the period of 1966 to 1992. That evaluation was primarily concerned with the impact of Swedish ODA on Tanzanian economic growth and its determinants. The evaluation concluded that Sweden made a positive contribution to growth through a positive impact on human capital formation owing its support for education in the 1960s and 1970s, although these achievements were not sustained in later years. It also concluded that early Swedish attempts to support industrialization in Tanzania were less successful. With respect to poverty reduction, Adam *et al.* speculated that early Swedish support for agriculture could have raised the welfare of the rural poor.

Chapter 4 Poverty Reduction in Tanzania: A Closer Examination

4.1 Introduction

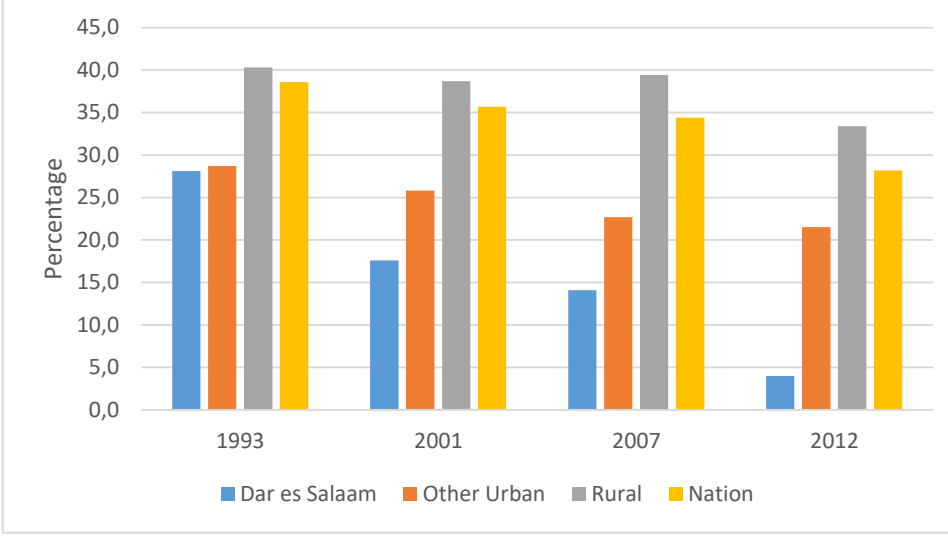
This chapter looks more closely at multidimensional poverty and its reduction in Tanzania, going behind the data presented in Chapter 2. It does so for two reasons. The first is to develop a Theory of Change (ToC), relating aid to poverty reduction. Although not as formally derived and presented as in academic and other work, this ToC seeks to identify pathways and actions through which aid donors can have potentially reduced poverty in Tanzania. This identification completes the second component of the AQEF, outlined in Chapter 1, by identifying pressing donor needs in reducing poverty in Tanzania. This information is used to directly answer the two principal evaluation questions outlined in Chapter 1, in Chapter 6. The second reason for looking more closely at multidimensional poverty is to help inform the purposive selection of case studies in the next chapter, Chapter 5.

The chapter commences with providing various breakdowns of poverty by geographic location in Tanzania. A basic, fundamental point is made: poverty in Tanzania has been and remains primarily a rural phenomenon. This is not to imply that poverty in urban areas has not been an issue or that inhabitants of these areas have been less deserving of pathways out of poverty than their rural counterparts. But it is to imply that if substantial inroads into poverty reduction were to have been achieved by donors, they must have been cognizant of and responded to the circumstances of rural dwellers in Tanzania. The chapter then turns to the analytics of poverty reduction and maintenance in Tanzania, identifying a number of relevant drivers of each. This is not intended to be a comprehensive analysis that identifies all such drivers, just the principal ones based on the findings of some key studies.

4.2 Breakdowns of Poverty Levels in Tanzania

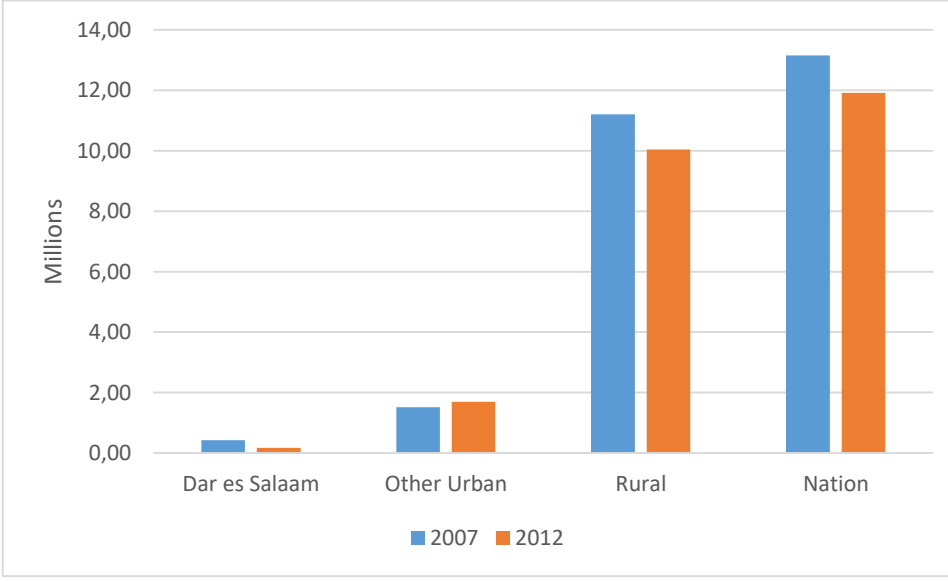
Data on income poverty are shown in Figures 4.1 and 4.2. Taken from World Bank (2015d), they are based on Tanzanian House Budget Survey (HBS) data and Tanzania's national poverty line. This poverty line is lower than the international $PPP1.25 per day and for this reason poverty rates are also lower. In 2012, 28.2% of the Tanzanian population lived below the national poverty line compared to 43% living below the $PPP1.25 per day international poverty line (see Figure 2.1 in Chapter 2). Importantly, while there is disagreement in the direction of change between the early 1990s and early 2000s, a declining trend reported in Chapter 1 based on the international poverty line since the early 2000s is also evident in the national poverty line data shown in Figure 4.1. Actual rates of decline are different, but the direction of change since 2000 is the same.[46]

Figure 4.1: Income Poverty Rates, Tanzania, 1993 to 2012



[46] The poverty rate data in Figure 4.1 are consistent with an increase in the number of Tanzanian's living in poverty between the early 1990s and mid-2000s, which was a key finding of Chapter 1 based in the international poverty lines.

Figure 4.2: Income Poverty Headcounts, Tanzania, 2007 and 2012



What is striking from Figures 4.1 and 4.2, however, are the disparities in living conditions between urban and rural dwellers in Tanzania, and between residents of Dar es Salaam and the rest of the country. In 2012, 4% of residents in Dar es Salaam lived below the national poverty line, compared to 21.5% and 33.4% in other urban and rural areas, respectively. What is perhaps more striking are the changes in these rates. The rate in Dar es Salaam was 28.1% in 1993, meaning that it fell by 24.1 percentage points between that year and 2012. This is clearly good news. In contrast, the poverty rates in other urban and rural areas fell by 7.2 and 6.9 percentage points, respectively. In terms of the number of people living below the national poverty line, 0.17 million people were in this position in Dar es Salaam in 2012, compared to 1.7 million in other urban areas and 10.04 million in rural areas. What these numbers tell us is that 84 percent of Tanzanians living in poverty, based on the national poverty line, resided in rural areas in 2012. In 2007 it was 85 percent. It is

reasonable to assume that the vast majority of the income poor have lived in rural areas for the entirety of Tanzania's post-independence history.

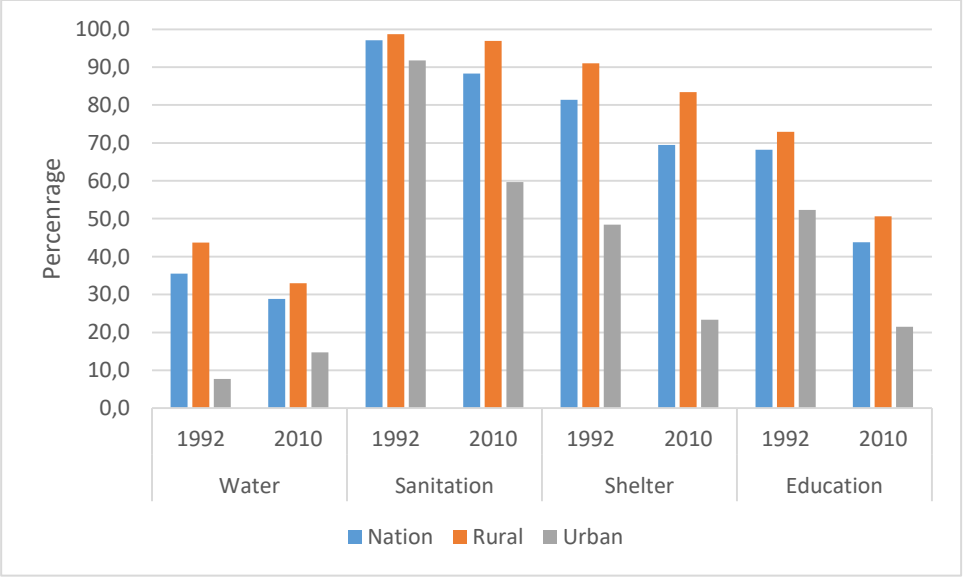
Poverty data for non-income well-being dimensions are shown in Figure 4.3. These data are taken from Arndt *et al*. (2015) and the unit of measurement is households. The percentages show the share of households deprived in each dimension.[47] Reductions in poverty in each of the dimensions are observed between 1992 and 2010. Poverty in each is far higher in rural as opposed to urban areas. Poverty in both years is lowest with respect to water but highest with respect to sanitation, for the nation and both rural and urban areas. In 1992 and 2010 respectively, 97.1% and 88.3% of all Tanzanians were sanitation deprived. The equivalent numbers of rural Tanzanians are 98.7% and 96.9% If we assume equal intrinsic and instrumental worth to the dimensions in question, this would suggest that the provision of sanitation services is the most pressing development need among them.

One other feature of the data in Figure 4.3 is worth mentioning. It concerns poverty in education. Deprivation in education at the national level fell 24.4 percentage points between 1992 and 2012. It fell by 22.3 and 30.8 percentage points in rural and urban areas, respectively, during this period. While water poverty is lower, this represents the largest percentage point reductions in all poverty dimensions, for which we have been able to obtain data, for what can reasonably be treated as a key dimension owing to its intrumental properties with respect to others.[48]

[47] The data in Figure 4.3 should be interpreted as follows. A household is: (a) water deprived if the main source of drinking water is not from a pipe, tap, or well; (b) sanitation deprived if it has no flush toilet or ventilated improved pit toilet; (c) shelter deprived if the main floor material is dirt, sand, dung, or planks; (d) education deprived if the household head has not completed at least primary school, and; (e) information deprived if it does not have a functioning radio or television (Arndt *et al.*, 2015).

[48] This empirical finding remains after allowing for a reasonable degree of measurement error in all dimensions for which poverty data have been obtained. Of course it should be acknowledged that it is blind to the quality of education that is being provided and that there have been widespread concerns over this quality in Tanzania.

Figure 4.3: Poverty in other Well-being Dimensions, Tanzania, 1992 and 2012



4.3 Poverty Drivers and Maintainers: Towards a Theory of Change

What are the determinants of poverty in Tanzania? Which of these determinants can aid donors such as Sweden realistically influence to reduce poverty levels below those that might otherwise prevail? These determinants will include those that drive changes in poverty (both increases and decreases) and those that are impediments to poverty reduction, that serve to maintain it at current levels. We rely on the existing literature to answer these questions. There is a vast literature on poverty in Tanzania that points to many factors associated with poverty. In what follows, we rely on four studies in identifying poverty drivers and maintainers, along with other studies in providing further articulation. The four studies are World Bank (2007), Handley

et al. (2009), World Bank (2015d) and Arndt *et al.* (2015). Five key determinants are identified, each of which in our view donors can potentially influence.

The first determinant is *economic growth*. High growth is associated with higher poverty reduction and vice versa. The relationship between poverty and economic growth has been dominant in the literature on Tanzania's economic performance. The general conclusion that growth and poverty in Tanzania are delinked.[49] It is reasonably clear, however, that economic growth has resulted in poverty reduction in Tanzania, although not to the extent that generally is the case in other aid-receiving countries. This is clear from the poverty elasticities, shown in Table 4.1 and taken from World Bank (2015d) and Arndt *et al.* (2015). Poverty elasticities show the percentage point change in income poverty resulting from a one percentage point increase in economic growth. Two sets of elasticities are shown, those based on growth in per capita household consumption and those based on real per capita GDP growth. Growth in the former seems to matter more for poverty.

Table 4.1: Income Poverty Elasticities, Tanzania, 2007 and 2012

Poverty Elasticity Based on:	1992 to 2001	2001 to 2007	2007 to 2012
Growth in Household Consumption Per Capita	-1.32	-2.14	-3.47
Growth in GDP Per Capita	-0.82	-0.21	-0.80

A reason why Tanzania's growth elasticity of poverty is relatively low has been that growth has not been sufficiently focused on agriculture, from which the vast majority of rural inhabitants derive

[49] See, for example, Atkinson and Lugo (2010), Demombynes and Hoogeveen (2007), and Hoogeveen and Ruhinduka (2009).

their livelihoods, and as we shall discuss below, development policies have in the past have had anti-agriculture bias. It reasonably follows from a poverty reduction perspective that while donors should not ignore urban areas, a focus on promoting growth in agriculture would have had the potentially largest poverty reduction dividends.[50] This applies not just to income poverty, but also to shortfalls in other well-being dimensions. This is consistent with the well-established fact in research on economic growth and poverty that what really matters for poverty reduction is not growth *per se* but the nature and focus of growth.

The second determinant is *development policy settings*. If there is a lesson from the Tanzanian experience of the late 1960s to early 1980s it is that broader policy settings do matter for poverty reduction and have clear implications for aid effectiveness. As noted above, donors including Sweden, supported the African Socialism policies initiated following the 1967 Arusha Declaration. The vision of African Socialism was to promote structural economic transformation from an agriculture-based to industry-based economy based on self-reliance. As also mentioned above, it involved the villagization policy, which moved rural populations into new villages to encourage socialist-oriented production supported by co-operatives. Initially there were some promising indications as the area under cultivation and use of chemical fertilizer increased which, with expansion of extension services, supported an increase in food production. However, the combination of drought and increased input prices resulted in declining production by the mid-1970s (Isinika *et al.*, 2005, p. 198). Thus, from accounting for some 60% of GDP in the 1960s, agriculture fell to 40% in the early 1970s; the share rose to about 45% of GDP by the early 1980s but that was due more to the stagnant economy rather than agricultural productivity (World Bank, 1994, p. 4).

The co-operative system was replaced in 1976 by parastatal crop authorities that were responsible for production, processing and

[50] We need to be clear here that we are not implying the donors have actually ignored agriculture, just that aid will have had a larger poverty reducing impact if it has been effectively targeted rural areas.

marketing with uniform pan-territorial producer and food retail prices. The burden of price controls and marketing costs fell on export crops as food crops were somewhat protected by subsidies to ensure low prices for consumers; although the implied low producer prices were a disincentive there were opportunities to sell food at higher prices on parallel markets. The overvalued exchange rate exacerbated these distortions by creating a bias in favor of imports and implicit taxation of exports (Isinika *et al*, 2005, p. 202). Although it was one of the main objectives, the parastatals were ineffective in stabilizing prices and imposed extensive distortions and disincentives, especially for remote (and poor) regions with high transport costs and low marketed output. The parastatals were also very inefficient and became a financial burden resulting in a return to co-operatives in the 1982 Co-operative Act (but the co-operatives remained under state control).

The overall effect of these policies on agriculture can be illustrated using the World Bank's concept of the nominal rate of assistance (NRA) 'defined as the percentage by which government policies have raised gross returns to farmers above what they would have been without the government's intervention' (Anderson and Masters, 2009, p. 11). Distortions imposed a high burden on Tanzanian agriculture with negative NRAs (i.e. domestic prices considerably below the competitive world price), averaging -80% for export crops (with only sisal better than -50%) and -55% for import-competing crops such as rice and maize over 1976-84 (Morrissey and Leyaro, 2009, p. 319). Put another way, policy distortions (especially overvaluation) represented an implicit tax on agricultural, export crops, exceeding 70% for coffee, 80% for cotton and 90% for tea, and exceeding 50% for major food crops.

These policy settings will clearly have had a major negative impact on poverty reduction in Tanzania, and are part of the story why poverty rates are higher in rural than in urban areas. Policies that have a pro-rural bias in their orientation, that have the potential to sustainably improve rural livelihoods, or at worst do no harm to them are what is needed. So too of course are policies that are good for the economy as a whole, given the linkage between economic growth and poverty reduction. Donors, through dialogue and the provision of

capacity building, can in principle work with partner governments on policy settings. A question, though, is whether partner governments have the political will to implement these settings.

The third determinant is *pro-poor expenditure*. This might on face value seem tautological in its inclusion, but it is intended to reflect expenditure on the provision of a range of elements that can drive poverty reduction. As such it should not be treated as a single driver, but a vector containing a number of elements. The selection of these elements largely based on findings of World Bank (2007) and (2015d) about the characteristics of the poor and non-poor in Tanzania. They are expenditure on: (i) accumulating physical and human capital; (ii) facilitating increased ownership of land, (iii) providing access to piped water; (iv) providing access to improved sanitation facilities; (v) providing access to electricity; (vi) providing access to tarmac roads; (vii) the provision of mobile telephone facilities and other connectivity driven communication; and (viii) improved housing and basic transportation. Donors can either allocate expenditure that directly targets the poor, or indirectly channeling resources to institutions and activities in the partner country with the potential to achieve poverty reduction.

The fourth determinant is *clientelism*. Clientelism remains a serious challenge to poverty reduction and development efforts generally and a key driver of corruption in the public sphere. Writing on Tanzania, Hyden (2005) notes that clientelism is "the very backbone – however fragile – on which the country's power structure depends". Clientelism is a process by which decisions about resources rely on interpersonal power relations and personal aspirations, rather than formal rules. It can create a divergence in actions from official policies if there is not the political will to implement these policies. In Tanzania clientelism is seen in the way officials protect each other and hinder official reform efforts (Handley *et al.*, 2009). This has obvious negative implications for poverty reduction, if reform efforts are pro-poor in orientation. Yet as Lawson and Rakner (2005) observe, informal institutions can also act as constraints on elites, citing informal rules relating to civil service and judicial appointments place limits over the way in which presidential patronage is exercised.

Clientelism that hinders pro-poor reform is a constraint to or in the terminology of Handley *et al*. (2009) a maintainer of poverty. Donors need to be cognizant of clientelism in the delivery of their aid, ensuring that it does not frustrate poverty reduction efforts.

The fifth determinant is *bureaucratic and policy development capacity*, which also is seen as a poverty maintainer. It is given this status on the grounds that improving this capacity will not in itself reduce poverty, but without this capacity it is very difficult for developing countries, either alone or in partnership with donors, to achieve this outcome. The capacity in question is the ability to implement pro-poor reforms and, more generally, the design of policies and implementation of programmes aimed at poverty reduction. Such capacity has been a consistent theme in discussions Tanzanian development efforts and has been referred to above. The third component of the AQEF requires that donors be cognizant of partner government capacities in the delivery of aid. In the present context the emphasis is a little different, namely, that in the Tanzanian case it has been necessarily not just to be appropriately cognizant of this capacity, but to improve it in order to reduce a constraint to poverty reduction.

4.4 Conclusion

The prime purpose of this chapter was to identify pressing development needs in Tanzania from a poverty reduction perspective, and in so doing provide substance to the second AQEF component. This required a Theory of Change (ToC), that identifies principal determinants of poverty and its reduction in Tanzania that donors such as Sweden can feasibly address. The chapter provided such a theory.

In this context, a fundamental point in this chapter is that poverty in Tanzania has primarily been a rural phenomenon. This is not to imply that poverty in urban areas is not an issue or that inhabitants of these areas have been less deserving of pathways out of poverty than their rural counterparts. But it is to imply that if substantial inroads

into poverty reduction donor were to have been achieved, donors would have needed to respond to the circumstances of rural dwellers in Tanzania.

The simple ToC developed in this chapter is that if donors were to have made substantial inroads into poverty reduction in Tanzania, their prime but not exclusive focus needed to be on the rural poor, and that they needed to work with the Tanzanian government in a manner consistent with the Paris principles and cognizant of development capacities to promote economic growth, implement non-distortionary policies that favor the poor, support pro-poor expenditures, ensure that clientelism does not act as a barrier to poverty reduction and build administrative capacity to design and implement pro-poor policies and programmes.

Chapter 5 Case Studies of Swedish Bilateral Support for Tanzania

5.1 Introduction

As noted in Chapter 1, this evaluation adopts a mixed methods approach that includes the use of purposively selected case studies. Purposive case study selection involves selecting cases for the richness of information they provide in relation to key time-periods, people, events and impacts. In evaluations such as this one, which cover long time periods, case studies must elucidate key themes and trends over time and in particular provide an in-depth understanding of changes in Sweden's aid delivery within the Tanzanian development context.

It is also important that case studies be chosen which highlight Sweden's poverty reduction efforts in Tanzania over time, and allow this issue to be discussed in detail and within context, given the focus on poverty reduction in this evaluation. The previous chapter identified a number of possible actions through Swedish aid may have had an impact on poverty reduction in Tanzania. These were by working with the Tanzanian government in ways that: (i) have a focus on the rural areas; (ii) promote economic growth; (iii) promote the design and implementation of pro-poor development policies; (iv) support pro-poor expenditures; (v) have an understanding of informal institutions and in particular clientelism; and, (vi) build bureaucratic and policy development capacity. Case studies were to a large extent selected to ensure consistency with these criteria.

Taking into consideration the above and the resources available for this evaluation, four case studies were selected in sectors where Sida has had a financially substantial and long-standing engagement. It is important from an impact perspective to ensure longitudinal cases are selected that represent significant financial investment on Sida's behalf to support judgements on the overall contribution of Swedish aid to poverty reduction. The aims, implementation and results of the cases

examined will be presented. Each case study will conclude with an assessment of the Swedish support in question based on the three AQEF components introduced in Chapter 1. These assessments are augmented, where possible, by the findings of previous evaluations of the likely poverty reducing results of this support.

The first case study reviews the implementation of HESAWA, a long running Water and Sanitation program that specifically aimed to increase the welfare of poor rural families. HESAWA was a large financial investment delivered over a long period.

The second case study reviews Sweden's support for energy infrastructure in Tanzania, which in the beginning aimed to set the foundation for industrialization and economic development and in the latter years focused on improving the welfare of the rural poor and addressing capacity and enabling environment constraints. Energy was also Sweden's third largest sectoral investment and one of its most long running. This case study highlights how political solidarity effected the early focus of Sweden's support in this important sector.

The third case study examines Sweden's support for education, which is the key social sector supported by Sweden. Aside from the multidimensional poverty reduction and welfare aspects of education support, this case study was chosen as it highlights key shifts in aid delivery over a long period, from project to program aid and ultimately to budget support. Education is also the single most significant financial investment made by Sweden at the sectoral level and warrants inclusion as a case study for this reason. This case study also looks at Swedish support for building research capacity in Tanzania. Much of this support has gone to the Tanzanian educational sector and as such looking at this support is consistent with a broader focus on that for education. This support dates back to the late 1970s and has among its aims improving economic policy formulation and implementation and domestic ownership of economic reform measures. As much as five percent of Swedish bilateral support to Tanzanian support was allocated to research in the early 2000s. This support is of obvious interest given the history of economic policy regimes in Tanzania.

The fourth case study reviews Sweden's support for Tanzania's poverty reduction agenda through the provision of general budget support. This case study was chosen as it focuses on a key period in Sweden's support for Tanzania - from the early 2000s when the development effectiveness agenda in Tanzania came to the fore - and it focuses directly on poverty reduction efforts delivered through the relatively recent general budget support modality.

A list of the key informants interviewed in the case study investigation is provided in the Appendix. The key informants were categorised as: Swedish high-level staff with current or previous working experience in Tanzania, representatives from Tanzanian ministries in the sectors reflecting the focus of the study (energy, water and sanitation, education and governance), implementing partners, and other individuals with recognised expertise and insight of the co-operation. The key informants listed in the Appendix are those who agreed to an interview of the larger number who were initially approached.[51]

5.2 Case Study 1: HESAWA (Health through Sanitation and Water) Program

5.2.1 Background

Sweden's support for Water Supply and Sanitation has been one of its most long running and significant investments. This support began in 1965 with the provision of SKK1.45m for the Ismani Valley Water Supply project and ended in 2002 with the finalization of the 16-year HESAWA programme. Between 1970 and 2002, Sweden invested $271 million in water supply and sanitation activities in Tanzania (OECD, 2005). As noted in Chapter 3, Sweden's investment in water supply

[51] The Embassy of Sweden in February 2016 sent a letter to the Tanzanian Ministries of Finance, Education Energy that requested meetings with their respective representatives. Only the Ministry of Finance responded, and agreed to a meeting. But this did not materialise, despite repeated follow-up attempts by the evaluation team to facilitate a meeting.

and sanitation, as a proportion of its overall ODA spend, was very high in the early years of its development co-operation with Tanzania, constituting 30.4% of all investments in the period from 1970 to 1974. During these years Rural Water Supply was Sida's largest sectoral investment on a year-on-year basis, higher than education, health and agriculture.

By far the most significant single programmatic investment was the HESAWA program, which, over its 16-year history totaled TZS 80 Billion or SKK182 Million (Rautanen *et al.,* 2006). HESAWA began in 1985 as a specific agreement between Sweden and Tanzania targeting rural water supply, environmental sanitation and health education. The aim of HESAWA was to:

"Improve the welfare of the rural population through improved health education, environmental sanitation, drinking water supply, community participation and capability and capacity building at village and district levels" (IRC 1992, p.ii).

As noted in Figure 2.7 of Chapter 2, in 1990, only 55% of the Tanzanian population had access to an improved potable water source and 7% had access to an improved form of sanitation. It was also shown in Figure 4.3 of Chapter 4 that 44% and 99% of Tanzanians living in rural areas were water and sanitation deprived, respectively, in 1992. Considering these statistics and the multi-dimensional importance of water and sanitation as the foundation for health, human development and pro-poor economic growth achievements, this long-term partnership between Sweden and Tanzania made sense from the perspective of multi-dimensional poverty reduction. It was clearly a pressing development need and indeed remains so.

The project focused on the Lake Zone of Tanzania, and in particular, the regions of Kagera, Mara and Mwanza, which are adjacent to Lake Victoria, one of Tanzania and Africa's most important water resources. HESAWA emphasized community participation in decision-making and planning and aimed to build the capacity of villages to plan, implement and maintain improved WATSAN activities. The project aimed to maximize the use of local human resources and capacities with a view to ensuring both

effectiveness and sustainability. It included establishing village-level HESAWA committees and accounts, implementing plans for improved water and sanitation developed at the village level, providing training for Village Health Workers (VHWs) and initiating household-level latrine building programs. Actively promoting and fostering the participation of beneficiaries was a cornerstone of the program and representative of the participatory community development ethos that permeated development activities in the 1980s.

5.2.2 Implementation

Despite its innovative approach, the two formative evaluations conducted during its implementation (IRC, 1992; Smet et al., 1997) painted a somewhat mixed picture with regard to implementation challenges and sustainability of outcomes in particular. The 1992 evaluation reviewed the achievements of HESAWA in the first six years of its operations and sought to outline those issues that needed to be addressed to improve implementation in subsequent phases. In retrospect, the evaluation was quite prescient in its observations about sustainability in particular. The evaluation found that progress with regard to raising awareness and knowledge of the HESAWA model was progressing well, as were the more objective and technical aspects of the program, such as designing technical solutions to water lifting and supply problems. However, some of these solutions were considered too sophisticated and there was some concern that this would lead to subsequent Operations & Maintenance (O&M) issues.

The community participation model, which as noted above was a cornerstone of the programme, had made substantial progress at the time of the evaluation, but these achievements were not significant enough to ensure that the legacies of the program could last. A particular concern was a lack of support for Water User Groups (WUGs) during the post-construction phase, in areas like cost recovery and spare parts supply. The evaluation found that there was limited scope for participating WUGs to adapt technologies to local circumstances, which in the end would have made post-construction O&M much easier. The suite of possible technical solutions was

limited. This affected the potential relevance and sustainability of the program.

With regard to relevance, HESAWA focused on improving sanitation through latrine construction and awareness raising, but as the 1992 evaluation suggested this was not a priority for local communities and uptake was very low in the first few years. The evaluation found that, in contrast, there was a demand within WUGs to take more account of the potential economic uses of water supply, which, despite the potential poverty reduction opportunities was not a priority for HESAWA - this was an ongoing critique of the program.

Overall, the evaluation found that the program was having difficulty achieving its more complex goals such as encouraging decentralization and self-reliance, changing health and hygiene practices, strengthening management procedures and encouraging the participation of women in the program. The greatest shortcoming of the program however, was "…. the simple failure to fully think through the post-construction phases at village level and ensure that an adequate structure is in place to allow communities to take on their roles as managers" (IRC, 1992, p.5).

The evaluation found that the following issues should be the focus of the next phase of the program:

1) find an operationally effective way to support the community manage infrastructure after it is constructed, particularly in the area of operations and maintenance;
2) strengthen management capabilities at all levels particularly financial control;
3) merge HESAWA more effectively with the existing government structure;
4) strengthen the involvement of women and make this more adaptable to the Tanzanian cultural context, and;
5) promote a broader suite of water uses through the programme, particularly economic uses.

The 1997 evaluation looked at the extent to which the recommendations from the 1992 review were followed up and it made a number of further recommendations that aimed to improve sustainability outcomes. This evaluation found there was a renewed focus on sustainability and decentralization in Phase III of the program (beginning in 1994) but that many of the chronic problems highlighted in the 1992 review persisted. There were significant efforts invested in decentralization to districts governments in areas of administration, financial management and planning, and a scale up in human resource development at district levels. Physical infrastructure targets were met in the area of water supply, but 30% of systems remained un-operational due to O&M issues. Progress in the construction of household latrines remained insufficient and well below target. The evaluation suggested that a new approach to the household latrine program was required which was less conditional and based more on raising awareness and encouraging household ownership. This important component of HESAWA remained a challenge 12 years after project inception.

At the village level, awareness of, and participation in, HESAWA had improved significantly due to innovative Participatory Rural Appraisal and School Health programs. However, there were concerns over the sustainability of the program activities for a number of reasons. First, as highlighted in the 1992 evaluation, there was a concern that villagers did not have the choice of simpler, more locally appropriate technologies – little had been done to address this issue in the intervening five years between evaluations. There was limited capacity at village level to maintain relatively sophisticated water lifting systems and spare parts were limited or unavailable. O&M costs were affordable but replacement costs jeopardized sustainability. Second, at the institutional level, management (particularly financial management) of HESAWA groups was weak, and there was evidence from phased out villages that these groups had collapsed or had very weak capacity when they no longer received direct project support. There was also a sense of urgency with regard to the transfer of services to the private sector and villages ahead of the planned phase out in 2002. The transfer of construction, logistics, planning and

maintenance services from the project to local actors was as the greatest barrier to sustainability in the evaluation team's view.

5.2.3 Results

In 2006, an ex-post evaluation of HESAWA was undertaken (Rutanen *et al.*, 2006), which examined the impact of the program three years after its cessation. The evaluation found that HESAWA was a forerunner in operationalizing a number of concepts that were at the fore during the International Drinking Water Supply and Sanitation Decade of the 1980s, these included: integrating health, water and sanitation; introducing cost sharing arrangements; focusing on participation; promoting gender equality; and establishing water user groups. As with the previous two evaluations, however, it highlighted a large number of issues about the sustainability of program achievements.

There were some significant results with regard to physical infrastructure coverage. More than 6,431 new or improved water points were constructed in 1,062 villages during the course of the program serving approximately 1.3 to 1.6 million people, which is a third of the Lake region population. This was indicative of HESAWA's large reach. Unfortunately, due to a range of reasons, only slightly more than one-half of these facilities were fully functional in 2005. Of the remainder, one-fifth were un-operational and the rest were partially functioning. This was considered a very bleak result given the significant investment in construction and rehabilitation that had taken place. Multiple factors conspired to produce these results including: insufficient cost recovery, weak financial management by WUGs, availability of spare parts (only 24% of WUGs had access to spare parts), and the provision of ongoing support services – all sustainability issues which were raised in the initial evaluation in 1992.

On the sanitation side, coverage remained quite low, which as the evaluation notes is disappointing considering the fact that sanitation was a cornerstone of the program. The issue with low take up continued through the course of the program and was variable across districts. In total HESAWA constructed 35,645 household latrines

across the three regions, but there were 481,802 households that were not serviced by latrines who were potential program beneficiaries. Having said that, there is some evidence that hygiene practices improved during the course of the program and survey and qualitative evidence suggests that HESAWA may have contributed to reductions in water borne diseases in some districts, particularly in those areas with deep wells.

With regard to income poverty reduction, the 2006 evaluation notes that there are no data to suggest that HESAWA contributed to livelihood improvements at the household level. However, it did contribute to multidimensional poverty achievements in areas like health and hygiene, but it is difficult to quantify these outcomes due to data constraints and the fact that multiple programs contributed to the observed health improvements in the Lake region during the time of HESAWA. It is clear, however, that beneficiaries would have liked to see more of a focus on economic activities in HESAWA, this was a point made by a large range of key informants interviewed by the evaluation team. The Lake region of Tanzania is the poorest region in the country. Kagera is the poorest district in the country and many poor families rely on livestock for their livelihoods. Water shortages lead directly to higher levels of poverty – this was seen as a lost opportunity for the programme. Again, these issues were identified early on in the M&E process but not incorporated into program activities.

The lack of a poverty and gender lens was the central critique of a research paper released in 1999, which raised a number of issues regarding power, poverty and inequality (Rugumamu, 1999). This paper suggested that the participatory ethos of the project was insubstantial and that the poor and women in particular were under-represented in decision-making and had limited meaningful input. The participatory model had important outcomes in a number of respects, but as noted by Cleaver and Kaare (1998) meaningful participation was affected by a number of issues. These included:

1) the imposition of a functional and organizational approach towards water management and participation in Water User Groups,

which sat over the top of pre-existing familial and locally adapted channels;

2) the reluctance of villagers to quantify inequality and socio-economic differences through participatory exercises and the complexity around women's activities; and,

3) the delegation of work by women of high social and economic stature to those of lower stature.

The Rugumamu report suggested that across the Lake region local elites managed to reap the majority of the benefits from the program, water point location did not consider the labor burdens of the poor, water quality was low, and technical solutions were not geared to the realities of the poor and women. While it is impossible to corroborate the results of this report, it does point to a definite lack of focus within the project on participatory poverty planning and poverty-related resource allocation. Adopting more of a poverty focus at the beginning of the project and transparently allocating resources based on poverty levels, along with more of a focus on supporting economic opportunities, may have addressed many of the concerns raised in this reports. This critique suggests that local power dynamics and barriers to effective participation (such as those raised by Cleaver and Kaare above) were not addressed appropriately during the program.

While HESAWA introduced a number of new and innovative approaches, reached a large number of people, and produced some significant short-term results, the sustainability of the program achievements was poor and its contribution to poverty reduction was marginal. A large number of issues conspired to produce this outcome, including the vastness of the geographical area, the lack of specific poverty/economic approaches that could have incentivized people to participate more fruitfully, weak cost recovery, the inability to find sustainable post-construction O&M solutions, ineffective participation, and parallel management structures that led to limited ownership by the Government.

From an AQEF lens, two points can be made about Swedish support for water and sanitation through the HESAWA program.

First, the program certainly addressed a pressing development need. It did so through a focus on rural areas, where the majority of the poor live, and by providing funding for water and sanitation, which according to our ToC are important for poverty reduction. Second, there was an inconsistency with the Paris principles, owing to a lack of widespread ownership by the government, community and households. It is not perhaps surprising, therefore, that HESAWA, had a limited impact at the local level failed to directly address the key concerns of beneficiaries, which related to livelihood improvement and poverty reduction.

5.3 Case Study 2: Sweden's Support for the Energy Sector

5.3.1 Background

Beginning in 1967, Sweden's support for the energy sector in Tanzania has been one of its longest running and most significant investments. Between 1974 and 2014, Sweden provided $502.8 million to the energy sector, making it Sweden's third highest investment after General Budget Support and Education. Sweden supported a diverse array of energy projects, from the initial feasibility work on the Kidatu Hydroelectric project in the late 1960s, to the installation of mini-hydroelectric plants, the commissioning of gas turbines, the development of energy policy, energy research, human capital development, institutional support and rural electricity distribution and transmission. Sweden has been integral to the development of energy infrastructure in Tanzania for close to 50 years and has provided more funds to the energy sector than any other bilateral donor.

Historically, Tanzania has had very low rates of access to electricity. It had no significant electricity generation infrastructure until the early to mid-1970s, rural connectivity rates were miniscule and the electricity that did exist was primarily used to support industry and the industrialization policies of the Government of Tanzania that, as noted in Chapter 2, were largely ineffective in

driving growth and poverty reduction. As a donor, Sweden had significant experience and comparative advantage in the energy sector, and in hydroelectric power generation in particular, it had used that expertise in many developing countries around the world in an effort to set the preconditions for economic development.

5.3.2 Implementation

As noted above, between 1967 and 1980 the Government of Tanzania embarked on a period of state and donor-funded industrialization in support of the African Socialism model of economic development. Former Swedish ambassadors and senior Sida officials interviewed for this evaluation explained that Sida was a strong supporter of this model of economic development during the early period and there was strong political solidarity between the Olof Palme's Social Democrats in Sweden and Julius Nyerere's Chama Cha Mapinduzi (CCM) party in Tanzania. As highlighted by a number of high-level Swedish officials interviewed for this evaluation, this political solidarity had a strong influence on the shape of the Swedish development portfolio and indeed on the possible forms of co-operation and target sectors. As noted during an interview of a former senior Swedish official:

"…we [Sweden] very much supported the Government of Tanzania's industrial economic development plan, it was like the Paris conception of ownership and alignment but a long time before the development of aid effectiveness principles … but we probably supported this for too long and took too long to change … we were not critical enough".

Swedish officials, other donors, and their Government of Tanzania counterparts recognized that energy generation was a significant precondition for an industrialization-led development strategy, and Sweden, building on its comparative advantage in this sector, moved into this sector, slowly at first, but its investments increased over time.

In the 1970s, 1980s, and early 1990s, the majority of Sweden's support to the energy sector was in the form of support for the construction and commissioning of large hydroelectric plants. The largest of these was the Kidatu plant on the Great Ruaha River. Sida invested in three phases of the Kidatu project between 1970 and 1992 alongside the IBRD and its bilateral partners. At the time of its construction, total load in Tanzania was 250 GWH per annum; the plan was to build a plant that could deliver 1300GWH per annum,

which could help build the conditions for economic development in line with Tanzania's industrialization policies (Dahlstrom *et al.,* 1997).

The 200MW Kidatu plant was the largest single infrastructure project ever undertaken in Tanzania at that time, and Tanesco (the state owned power company) had absolutely no experience with construction projects of this size. Swedish experts played a major technical role in the design, construction and commissioning of Kidatu, while providing funds (along with others) for its construction. Sweden also played an integral role in the construction of the 80MW Mtera and 66MW Pangani Plants. In total Sweden supported hydropower plants with a total installed capacity of 346 MW, which generated 2000 GWH per year – eight times more energy than what was available in late 1960s.

An evaluation into the energy sector in 1997 and functioned reasonably effectively found that these hydroelectric projects were delivered on time and within budget (Dahlstrom *et al.,* 1997). The evaluation found that within the context at the time "the two construction projects at Kidatu in building a 200MW power plant for a company without any previous experience in building, operating and maintaining such installations has been quite successful" (Dahlstrom *et al.,* 1997, p.26). Sweden also led the way with the conduct of ecological and social studies associated with the construction of these projects, which at the time the Tanzanian government had no experience with.

While the actual construction took place efficiently, the 1997 evaluation raised a number of issues regarding sustainability that have plagued (and continue to plague) energy investments in Tanzania. The evaluation found that not enough attention was paid to O&M, developing a long term management regime for the Mtera and Kidatu reservoirs, building institutional and technical capacity within Tanesco, and formulating a strong legal and regulatory framework for the energy sector. There was an urgent need, in the evaluation team's view, to restructure the power sector and the operations of Tanesco in particular. Within Tanesco, there were significant O&M delays (of up to two years to approve spare parts for power plants), very poor

financial management, lack of a computerized management system, poor corporate management, and a lack of professional and technical skills. Sweden and other donors had supported the construction of significant hardware (i.e. hydropower plants) but the requisite software (i.e. institutional and human resource capacity) to manage those facilities efficiently did not exist.

In the late 1980s and early 1990s the lack of active O&M led to the degradation of Kidatu and Sweden and other donors had to fund the rehabilitation of that facility. Issues with the management of the catchment also led to significant load shedding and other problems. The Government of Tanzania agreed to undertake a number of reforms within Tanesco but these were not operationalized for many years – and many still have not been. In the mid-1990s Sweden developed a new set of guidelines for its energy sector investments and began to move away from the direct support of major infrastructure. Instead, it began to focus on institutional support, rural electrification, energy efficiency, energy research and the development of legal and regulatory frameworks. A large number of technical assistance projects were developed during this time. Between 1995 and 1999, 30% of Sida's budget was spent on energy sector activities, a huge scale up from previous periods. Sweden moved decisively to address many of the issues that were plaguing the energy sector.

Sweden's most significant investment in the energy sector over the last 20 years has been its support to Rural Electrification (RE). Between 1985 and 2013, Sweden invested SEK 953 million in RE through various modalities, including project support, technical assistance, and capacity building support for the Rural Energy Agency (REA) and direct financial support for the Rural Energy Fund (REF). An evaluation of Sweden's support to RE was published in 2014, which provides a comprehensive overview of this support between 2000 and 2012 (Noppen, 2014). The evaluation raised some interesting and pertinent questions regarding the poverty reducing impact of rural energy investments – a topic that is of significant relevance to this evaluation noting its focus on poverty reduction.

The evaluation found that at the output level Sweden has performed well, indeed, connection targets tend to be surpassed. Sweden has directly contributed to about 20% of all new rural electricity connections since 2006. In the latest Sida results strategy for Tanzania, energy is a priority, and the key performance indicator is "increased access to safe and sustainable energy including the ambition that at least 300,000 people will gain access to electricity" (MFA, 2013). The evaluation found that while results at the output level are commendable, this does not necessarily translate to the achievement of higher-level outcomes in terms of poverty reduction. As noted by Hogarth and Granoff (2015), there are multiple ways energy contributes to poverty reduction in Africa, through direct consumption, increased household income, enhanced community services, employment and the redistributive effects of economic growth. The provision of electricity, that is, access to it, was highlighted in Chapter 5 as a driver of poverty reduction.

The evaluation found that electricity connectivity itself might not be the most useful metric, indeed households that are not connected can still derive benefits from electrification through improved access to public services and increased employment opportunities, as noted above. This may be more important from a poverty reduction perspective than connecting to a relatively expensive and unreliable electricity network. The evaluation found that a high proportion of rural households have financial difficulty meeting connectivity costs despite the low tariffs and that the use of biofuel continues to be the favored form of energy – indeed there is evidence that the use of bio fuels is increasing (see SEI/Renetech cited in Doppen, 2015).

The 2014 evaluation found that the limited availability to pay, coupled with the low tariffs leads to a lack of maintenance and a lack of capital for new RE systems. The problems with O&M that have been in place since the times of Kidatu continue to persist and there are extensive issues with the reliability of power supplies due to maintenance issues. Twenty-nine percent of households in the evaluation study area said they experienced power outages on a daily basis. In rural areas, commercial energy is scarce, and this, coupled

with the unreliability of supply is a major barrier to growth and poverty reduction in these areas.

Sweden has done a lot of work with the REA to address the sustainability issues that underpin these problems. It has supported grid extension and off-grid solutions, shifted its funding from project to program based support (including providing significant funds for the Rural Energy Fund), conducted strong dialogue through the GBS modality, and actively supported renewable energy through institutional development, policy and regulatory framework development and the provision of Challenge funds for pilot projects. Sweden has also provided significant capacity building and institutional support for the REA. This has included strengthening the capacity of the REA to deliver quality submissions to the Rural Energy Board, strengthening contract management and procurement capability, project management, M&E and market development skills. A recent evaluation of Sweden's support for the REA (Danielsson and Zhou, 2011) found that because of Sweden's assistance the REA was better able to deliver on its mandate, there was a well-functioning system of REF utilization, financial management systems were improved as was management and implementation capacity.

5.3.3 Results

Without Sweden's long-term investment and technical support, Tanzania would not be where it is with regard to power generation capacity, nor would its rural population have the access they now have. Between 1980 and 2000, hydropower contributed 100% of the power generation mix in Tanzania (JESR, 2013), many of these power plants were built with Swedish expertise and Swedish funds. Non-petroleum based power plants helped shield Tanzania from the fallout from the 1973 and 1979 oil crises, and provided a foundation for the increase in industrial output that occasioned the Government of Tanzania's Economic Recovery Programmes, which began in 1986 and led to a spike in power consumption. Without these reliable and sustainable sources of power, this would not have been possible. It should be remembered that building energy infrastructure is a long-term multi-generational challenge that took many decades for developed countries to achieve, Tanzania essentially started from nothing in the late 1960s and Sweden's contribution has been significant in this context.

That stated, the situation in Tanzania with regard to the power sector is still somewhat bleak; this sentiment was highlighted in a 2010 evaluation conducted by Sida (Sida, 2010, p.19):

"Despite substantial investment and many commendable efforts in the power sector for more than 30 years the situation is one of shortage of power, leading to unmet demand, load shedding and unreliable supply of electricity in urban areas and a lack of access to electricity in most rural areas".

The percentage of the population with access to electricity was 15.3% in 2012 (World Bank, 2012), only eight other countries (all from Africa) have lower rates of access to electricity. Only 7% of rural people (who make up 70% of the population) have access to electricity (Government of Tanzania, 2012). It is clear that Tanzania has a long way to go with regard to addressing energy poverty. By concentrating its investments in Rural Energy, learning from the past and strengthening institutions, building capacity and policy and regulatory frameworks Sweden can have much more of an impact. Within rural energy financing and programming, an encouraging example of

financial sustainability has been identified. As mentioned earlier, the institutions of REA and REF were designed and capacity built with Swedish support. Today, funding for the REF comes from a variety of different sources of which donors account for about 20%, whereas the remaining 80% are covered by government allocations, and levies of up to five percent (5%) on the commercial generation of electricity from the national grid and on sales of fuel (100 TZS per liter) in the country. Noting the problems with dependency and the unsustainability of results in Tanzania, this is an encouraging outcome that Sweden should take some significant credit for.

Tanzania is now moving towards investing in very large-scale thermal power plants utilizing its extensive gas fields. It needs to do this to keep up with the demand associated with high rates of economic growth. The Swedish evaluation conducted almost 20 years ago (Dahlstrom *et al.*, 1997) suggested that there was no wisdom in investing in extensive generation infrastructure if Tanesco cannot maintain the existing infrastructure. The Government of Tanzania has committed to transforming the power sector and Tanesco (as it committed to do in the 1990s), but this has been very slow and the same types of problems with maintenance, load shedding, tariff interference, lack of private sector involvement etc. plague the power sector today as they have done for 30 years. Sweden and other donors need to continue to use whatever instruments at their disposal, including stronger budget support dialogue, capacity development, institutional support, and promoting private sector investment to influence energy sector reform to ensure the same issues do not continue for another 30 years.

Two points can be made from an AQEF perspective regarding Sweden's support for the energy sector in Tanzania. First, it is clear that with this support Sweden significantly addressed a pressing development challenge, and did so over a long period of time. This is because according to our ToC access to electricity, especially in rural areas, is an important driver of poverty reduction. Despite this and many millions of dollars, energy security remains low and the poverty reducing benefits of energy provision have not been optimized. As such this support has in all probability not reduced poverty, below

those levels that would have otherwise prevailed, in rural areas. Second, this support was not sufficiently cognizant or did not appropriately respond to a lack of local capacity in the energy sector, not just to manage sophisticated energy investments, but also to create an enabling environmental for sustainable energy provision and pricing. It is only quite recently that Sida has focused more intently on capacity and enabling environment issues.

5.4 Case Study 3: Supporting Education and Research Through Project, Program and Budget Support

5.4.1 Background

As highlighted in Chapter 2, Tanzania's achievements in education have vacillated over time. Tanzania came very close to achieving universal primary access in the early 1980s, and in reducing illiteracy rates from 51% in 1980 to 37.1% in 1990 (African Development Bank, 2005, quoted in Sulle, 2013). Due to the various economic crises in the 1980s, these achievements could not be sustained and enrolment in primary education fell from 92.5 % in 1980 to 69.9% in 1991 and went further down to 63% in 2000 (African Development Bank, 2015). Today, the primary school enrolment rate is back on track at about 98%, but the quality of education (at all levels) is a key constraint, and is therefore the focus of Swedish education support today.

Sweden has supported education in Tanzania since the 1960s. Between 1974 and 2014, Sweden provided $672.1 million to the education sector, making it Sweden's biggest single sectoral investment (OECD, 2015a). Sweden's General Budget Support (GBS) in the period 1990-2014 amounted to $748.9 million and education was included in that funding envelope (OECD, 2015a). From the 1960s to 1980s, Sweden's education support was channeled to adult education, primary education and vocational training. Most of the support to adult education was disbursed in the 1970s, while support to vocational training was dominant in the 1980s. The focus in the 1970s and 1980s was on building the human capital required to support Tanzania's industrialization policies, while also targeting

widespread illiteracy. The adult education support was used to establish the Institute of Adult Education and the National Correspondence Institution. Other interventions in the period were the establishment of the "Nordic Centre" in Kibaha, which was an integrated project comprising a farmers' training centre, a secondary school and a health centre. Other examples of the Nordic model included support for the Folk Development and Cooperative colleges. The period also comprised other education projects and programs, for example: the National Literacy Program, the National Library Service, the Tanesco School, girls' secondary schools and special needs education for children with disabilities.

Sector program support for education was provided in the 1990s and 2000s, and Sida invested in the production of textbooks for primary and teachers' education. Sweden also supported the development and formulation of national plans for both primary and secondary education in this period. In relation to higher education, Sweden has supported research since 1977, mainly through support to individual researchers (initially) and later through capacity building initiatives in research institutions.

Support to the sector peaked in the 1980s, whereas direct support has declined significantly in the 1990s and 2000s. In the current decade, Sida has reduced its direct support to education. In the period 2010-2014, this amounted to $9.3 million. While direct support has decreased, most of Sweden's financial support for education since the 1990s has been through budget support, complemented by support to civil society organizations advocating for the rights to education, and support to Zanzibar education.

Swedish research co-operation with Tanzania dates back to 1977. The overall objective of the Swedish support to research in Tanzania is aligned with the MKUKUTA that calls for development of the human resources and improvement on the availability and efficient use of knowledge, research and technology as tools for increased productivity and reduced poverty.

In 1995, the University of Dar es Salaam (UDSM) was selected as key partner for the research co-operation. Since 2007 two new

universities have been added in the program: Ardhi University and the Muhimbili University for Health and Allied Sciences (MUHAS). The support has mainly focused on PhD training, but also on strengthening institutional capacity for research management and the development of reforms.

5.4.2 Implementation

The Swedish support for education was fully in line with the country-led human development agenda prosecuted by Prime Minister Nyerere after independence, which had a high level of political support in Sweden. Soon after its independence, Tanzania declared war against what it described as the three major enemies of national development: ignorance, poverty and ill health. These were seen as serious national problems that needed to be tackled urgently. In recognition of this fact, Tanzania implemented various policies that were intended to promote education as part of its poverty eradication efforts. The first significant move to expand primary school enrolment was the adoption in the 1970s of a Universal Primary Education (UPE) policy. The UPE education policy was implemented during the Ujaama period, when most public services were either freely provided or highly subsidized. Indeed, education from primary school to tertiary was provided free by the Government of Tanzania during this time. The aim of the UPE policy was to ensure that enrolment in primary schools was extended to every family in order to tackle illiteracy and poverty. Adult education was also promoted to tackle widespread adult illiteracy.

The UPE program faced a severe lack of qualified teachers. The expansion of primary school enrolment caused a high demand for qualified teachers, but unfortunately, they were not readily available in the labor market. This forced the government to use primary school leavers as teachers in primary schools. The repercussions of the poor quality of primary school education were felt at secondary education level and beyond (Sulle, 2013).[52]

[52] A key informant of this evaluation made a related point regarding a decline in the ability to use the English language, which is hidden in official statistics in Tanzania. The informants

The Adam *et al*. (1994) evaluation drew a similar conclusion:

"Despite the substantial amounts of money put into education by Sweden and other donors plus the Government of Tanzania, the average education level remains low. Large improvements took place in the first decades of independence, but the current downward trend in education is very worrying. Problems with low salaries and delayed payments to teachers have decreased the status and standard of teaching. There is an urgent need for supplies in the sector" (Adam *et al.*, 1994, p.42).

In the 1990s, Sida was very active in the dialogue between the Government of Tanzania and other donor agencies about the development of the Education Sector Development Program (Ed-SDP), and it stressed the need for Tanzanian ownership of the programme. During that period, the sector was in need of reform and more resources were required to improve quality and rebuild credibility among parents and children. The development of the Ed-SDP was seen by both the Government of Tanzania and donor agencies as the way to revitalize and fund the system. However, the Sida *2000 Result Analysis from Tanzania* (Sida 2000, p.6) observed that the Ministry of Education and Culture was lacking strong and genuine ownership and that this was the biggest problem for the future, including for the sustainability of the programme. The analysis also found that the need for capacity building was significant, and that there were serious problems balancing internal ownership with external initiatives by donors. The analysis also highlighted the progress towards a sector wide approach. Finally, the analysis highlighted that the sector was still in very poor condition following the economic crisis in the 1980s and that the transition to sector reforms was a necessary, complex and long term task.

---

view is that the donor community generally had not given this sufficient priority in its support for education in Tanzania, which in the globalization context has proved to be a major handicap. The informant argued that a declining number of Tanzanians in official positions are versed enough in English to participate meaningfully in international business discussions and the country tends to suffer from this shortcoming both in negotiating treaties and other accords with foreign economic or political actors.

In 1994, after more than twenty years of support, Sweden decided to phase out its support to vocational training. As part of the handover, a new Vocational Training Act and Training Authority were established, and a vocational training levy was the main local source of income. The Vocational Education and Training Authority (VETA) strategic action plan became the basis for the last phase of Swedish support and three regions were identified to create regional, decentralized organizations for demand-driven vocational training. Infrastructure was built with Swedish support to facilitate flexible training in response to demand from local employers. When course fees were introduced the number of girls attending VETA-courses decreased. In 2000, it was observed that:

"VETA is facing, partly because of the withdrawal of Swedish funds, severe financial problems. Another major reason is the inability to collect the vocational training levy from the employers to a satisfactory level. VETA still struggles and have different internal views about what role to play and it will take time before one really adapt its role as a supporter of vocational training with a flexible and demand driven offer of vocational education." (Sida 2000, p.6)

In the 2000s, Swedish support to the Primary Education Development Program (PEDP) became the most important Swedish contribution in the sector. As mentioned above, the primary education net enrolment rate dropped dramatically in the 1990s. However, this trend was reversed in the 2000s and the enrolment rate reached 90.5% in 2004[53] (Tanzania Country Report, 2004). As in the 1990s, the quality of education and dropout rates were still of concern (as it is today). Less than 50% of students passed the primary school leaving exam, and the teacher/pupil ratio increased from 1:41 in 2000, to 1:58 in 2004, reflecting the lack of balance between increasing enrolment and ensuring sufficient supply of teachers, in both quantitative and qualitative terms. Apart from these overall trends, the schools were constrained in relation to receiving funds from central levels, highlighting the need for improved financial management systems.

[53] According to the Tanzania Country Report 2004, the net enrolment rate was 59% in 2000, whereas it has been quoted elsewhere (Sulle, 2013) to be 63%.

The 2004 Country Report mentioned that the dialogue between the Government of Tanzania and donors within the education sector suffered from drawbacks in relation to agreed arrangements for co-operation and that there was a general lack of trust and openness, leading to frustrations on both sides. Facing these challenges on the supply-side of the sector, Sida also allocated support to the demand-side through support to Civil Society Organizations (CSOs). These CSOs advocated for the right to education, including promotion of people's active engagement in educational issues at all levels. An example of such support is the Tanzanian CSO HakiElimu (Right to Education), which jointly with the Prevention of Corruption Bureau (PCB) published a booklet with essays on corruption in the education sector.

Despite the longstanding problems within the education sector, there have also been some encouraging developments, especially in higher education, where the enrolment of students has increased significantly, and the number of universities has more than quadrupled since the year 2000.

A recent budget support evaluation shows that since the 2000s, Tanzania has seen strong growth in education funding. In terms of sub-sectors, the higher education sector has experienced the fastest growing share of the education sector budget, although both primary and secondary school sub-sectors have grown in real terms. As a result, Tanzania is now one of the few Sub-Saharan countries which is close to universal primary education, with improvements experienced in access at all levels of education, including gender parity in enrolment at primary level, but not at other levels.

5.4.3 Results

Few evaluations exist of Swedish support for education in Tanzania. A report published in 1999 on the sustainability of Swedish aid to Tanzania analyses the achievements and sustainability of the Folk Development Colleges (FDCs) and one vocational training center (Moshi). The report concludes that for the FDCs, "limited tracer studies undertaken indicate that the training has had some impact on the ability of the trainees to secure a job" but otherwise

concluded, "the DFCs did not constitute a successful program" (Lindahl, 1999, p.77). The findings for the vocational training center are more positive describing that "Sida support succeeded in establishing a qualitative vocational training centre with unique technical capabilities in Tanzania and in Sub-Saharan Africa" (Lindahl, 1999, p.84). The report even indicates that several measures for ensuring sustainability of the institution are in place, although still challenged by different factors, not least securing sufficient funds after the phase out of Swedish funds in the late 1990s.

Another report on Swedish support to education is a tracer study carried out in 2014 and 2014 among 150 PhD holders who were supported by Sweden (Sida, 2014). The study concludes that:

"A large majority of the respondents and the interviewees reported that they were deeply engaged in research with direct relevance to poverty reduction and the development of Tanzania. They considered themselves to contribute in several ways not only be developing important research results, but also directly in community outreach activities, extension work, public service, consultancies, innovation clusters, and in the creation of entrepreneurs." (Freudenthal, 2014, p.20)

A large number of senior officials in the Government of Tanzania and academics have been supported with postgraduate study in Sweden over the years. The tracer study also reports that 20% of Tanzania's cabinet are researchers from UDSM. The current Vice-Chancellor of UDSM and the main author of the MKUKUTA were both trained as a result of the research co-operation. The Department of Economics at the UDSM contributed to the design of economic reform over the years. Several researchers from that department are assisting the Government of Tanzania in issues on taxation, in planning and making economic projections, on Tanzanian trade flows and on the impact of globalization on Tanzania's labour market.

The recent GBS evaluation made a particular case of analyzing results from this support in the education sector. In the period covered by the evaluation, which was 2006 to 2012, the education sector was the highest priority in the MKUKUTA poverty reduction

strategy - its share of funds was 21.7% in 2008. The evaluation confirms findings from other sources that primary school enrolment increased in the 2000s, but it also shows that from the early 2010s, enrolment rates started to decline, whereas secondary school enrolment has increased. The evaluation points to the fact that spending on education has increased significantly since the advent of GBS arrangements. The majority of the incremental increase in public spending has been in the education sector, which bodes well for the future. Now that access rates are high, the key is to continue to focus on the quality of education provision, something that has plagued Tanzania over time.

What can be said of Sweden's support for education and research from an AQEF perspective? First, this support has addressed a pressing development need given the importance of education for poverty reduction. That noted, its poverty reducing impact has arguably been lessoned through its partial early focus on vocational training. A greater focus on primarily education in the early years would have been likely to have had greater poverty reducing potential. Support in more recent years, however, for funding for primary education through budget support mitigates against this finding. Swedish support has further addressed a pressing need by seeking to enhance development policy making capacity through its funding for university research, and has seemingly achieved success in this objective. Second, with regard to the Paris principles, this support has been aligned to government priorities, especially in the early years, although there have been issues regarding ownership. Beyond this is it difficult to say more about the likely poverty reducing impacts of this support owing to a lack of evidence.

5.5 Case Study 4: Supporting Poverty Reduction and Improved Governance through General Budget Support

As noted in Chapter 4, increasing public expenditure, especially in the social sectors, is one way donors can contribute to multidimensional poverty achievements. This can occur through a

variety of modalities including sector and General Budget Support (GBS). SIDA has provided significant funding for GBS in support of Tanzania's poverty reduction strategies. This funding aimed to support poverty reduction, democracy and human rights while also strengthening government systems, and is indicative of the aid effectiveness approach that has characterized development co-operation in Tanzania since the early 2000s. This case study reviews Sweden's support in this area and discusses the various issues associated with the provision of GBS, its poverty reduction outcomes and its contribution to improving governance and accountability.

5.5.1 Background

Between 1985 and 2014, Sweden contributed $48.9 million in budget support-like payments to the Tanzanian Government. This is the single highest development co-operation investment by the Swedish government in Tanzania. Sweden has been a significant budget support contributor alongside its bilateral and multilateral partners, and has been actively engaged in policy dialogue around General Budget Support (GBS) prioritization and the reforms proposed by the Government of Tanzania. The drivers for GBS in Tanzania came from different sides including a general understanding among donors and recipient countries that too many different approaches and requirements were imposing huge costs on developing countries and making aid less effective. Tanzania is highlighted by several sources as one of the leading countries when it comes to pushing and defining the agenda of GBS and other aid coordinated approaches. As Janus and Keijzer (2015) mention, Tanzania is even considered a "laboratory for innovative approaches in this area."

As noted by senior Sida officials and Swedish economists interviewed for this assignment, the move towards GBS in the late 1990s to early 2000s was driven by Sida HQ and was representative of a broader shift in aid modality funding that was evident across the agency (and across the development co-operation landscape) from the mid-to-late 1990s onwards. This shift grew out of the aid effectiveness agenda and the transition from 'donorship' to 'ownership'. As noted by these key informants it was also linked to debt relief and the wish

amongst donors to find ways to ensure domestic funds freed up by debt relief were targeted towards public spending.

GBS emerged out of the Poverty Reduction Support Programs that were part of Heavily Indebted Poor Country conditionality for debt relief. Once countries reached the completion and received relief the idea was that the resources freed from debt servicing would go into a fund, often called the Poverty Action Fund (PAF). Donors and the government would match this so that the PAF provided the money to finance increased pro-poor (social sector) spending. As noted by Nilsson (2004) budget support was not a new modality but its importance increased due to donor dis-satisfaction with project aid and its impact on poverty reduction and alongside the increasing focus on donor-recipient partnerships and aid effectiveness.

Senior Sida staff interviewed for this assignment described Sida's rationale for the provision of budget support and how previous experiences shaped thinking in Tanzania. Frustrations with the results of long-term project aid and the need to engage with the Government of Tanzania in a new way that strengthened government ownership and governance systems was of paramount importance towards the end of the 1990s and particularly after the difficulties between the Government of Tanzania and donors in the mid-1990s. The Catterson and Lindahl (1999) review pointed to a large number of sustainability issues associated with Sweden's long-term project aid. These included: a lack of financial sustainability of Government of Tanzania institutions, a lack of human resource capacity within this government, a lack of attention to cost-effectiveness during project implementation, a high level of technical ambition within the projects that the government would have trouble replicating, and a supply driven focus that constrained good development practice. Direct support for the government through GBS was seen a way to address the ownership and sustainability issues that stemmed from the use of the project modality.

The transition to Sector Wide support in the early 1990s and GBS later was also a manifestation of a new trust that had formed between the Government of Tanzania and donors after the long period of

protracted conflict in the 1990s. During this period, we also saw an improvement in macro-economic performance and in the implementation of reforms by the Tanzanian government, as noted in Chapter 2. Tanzania was in the transition from a donor controlled to an ownership-based partnership and GBS was an important component of that transition. As noted by senior Swedish officials interviewed for this assignment, Sida was a key supporter of this transition and a vocal advocate for aid effectiveness principles. As noted by Weeks (2002), Sida played a dominant role in that transition and continually advocated for ways to promote Government of Tanzania ownership. However, as further noted by Weeks (2002) effective national ownership within a budget support framework, while good in theory, was undermined in practice by a number of factors including underlying conditionalities, links to other aid and policy reform instruments, institutional and human resource constraints, and asymmetry in capacity between Government of Tanzania and donors and between donors.

The strong push from HQ for budget support, and the high levels of support suggested in country strategy documents, initially caused alarm among some Sida officers in Dar es Salaam. Officials were concerned that the levels (initially envisioned to be between 50% and 70% of annual disbursements) were too high to be absorbed effectively by the Ministry of Finance (MoF) and sector agencies who had limited experience with this modality. Some officials were of the view that a more cautious approach was warranted in these circumstances. It was thought that the scale up of GBS within a weak institutional system with limited real experience with such modalities would cause some problems across the government as it struggled to adjust to this new approach. In contrast, other officials were confident of the aid effectiveness benefits of GBS and worked hard to operationalize the new direction.

5.5.2 Implementation

Tanzania has been a leader in utilizing programmatic aid modalities since its adoption in the mid-1990s of Sector-Wide Approaches in Education, Health, Agriculture and Roads. It was also one of the first

countries to introduce a harmonized framework for monitoring poverty reduction budget support, which occurred in 2001In 2002, this harmonized approach was expanded to include the World Bank's Poverty Reduction Support Credit and ten donors (including Sweden) signed a Poverty Reduction Budget Support Partnership Framework Memorandum in 2002.

In 2005, 14 donors signed a General Budget Support Framework Memorandum in support of the Government of Tanzania's National Strategy for Growth and Reduction of Poverty (NSGRP), known by the Kiswahili acronym MKUKUTA. Donors agreed to support MKUKUTA's six priority sectors of agriculture, education, energy, health, roads and water. The overall objective of that support was to contribute to economic growth and poverty reduction in Tanzania through:

- the provision of financial resources for public expenditure
- improved aid effectiveness, ownership, public expenditure and financial management
- improved M&E and mutual accountability
- improved policy dialogue, and
- strengthened budgeting and planning.

A Performance Assessment Framework (PAF) was developed to review progress on agreed actions and a system of joint annual reviews was instigated. The PAF was based on the actions articulated under MKUKUTA and the priorities, targets and demands of the individual donor agencies. Sweden took a leadership role in the development of these arrangements, and its Head of Development Co-operation in Dar es Salaam became the Chair of the Development Partner Budget Support Group. Under the direction of the Chair, Sweden sought to forge a balance between promoting ownership and the use of country systems while also seeking to understand the challenges facing institutions on the ground and the context for implementation. Sweden sought to utilize its project-based technical knowledge to assist with budget support dialogue. Its long-term involvement in

sectors like energy, education and water helped with this. The aim was to find synergies between the different aid modalities in order to ensure that dialogue was meaningful and grounded in the issues at hand, and not too high level.

Sida officers working in Tanzania interviewed for this evaluation, including former ambassadors, considered budget support a good way to influence political systems, and sophisticated and strategic approaches towards policy dialogue were developed for that purpose. These involved adopting a practical and informed focus that sought to balance high-level dialogue while seeking to address implementation issues in the various sectors supported by Sweden through both GBS and projects (such as, for example, Energy). Swedish diplomats adopted numerous strategic communication approaches to influence government decision-making in areas as diverse as accountability, corruption, girl's education, private sector development and poverty reduction.

Senior Swedish diplomats interviewed for this evaluation commented on the ethical or values-based approach to policy dialogue adopted in GBS dialogue, which, differed somewhat from the more technocratic approaches adopted by some other donor agencies. This values-based approach is augmented by Sida's support for a number of CSOs in Tanzania who advocate for accountability.[54] Sida has also played a major role in establishing the Media Council. As Co-Chair, Sweden also plays an active role in the Governance Working Group, which provides a forum for donors to engage with the Government of Tanzania in the governance-related aspects of MKUKTA, which include public service reform, public financial management, local government reform, anti-corruption, and accountable governance. Sweden has played an active role in supporting local governance reform in particular as it was recognized that economic governance at this level is a challenge that requires concerted attention.

[54] Entities such as the Legal and Human Rights Centre rely significantly on Sida funds for their work supporting legal aid clinics around the country and advocating for citizen's rights and government accountability at local and national levels.

With regard to implementation, the GBS arrangements have been beset by a number of issues, not the least of which have been the various corruption scandals that have eroded donor confidence over the last 10 years or so. Sweden has been a strong advocate of anti-corruption measures in various government, media and CSO forums and has held back GBS tranche payments due to these scandals. It has also been a strong advocate for strengthening the financial management regimes associated with GBS payments. In contrast to some other donors, Sweden has continued to advocate for supporting the Ministry of Finance in its role as the financial watchdog of the government.

In late 2014, Tanzania was affected by a corruption scandal in the energy sector that involved senior public officials colluding with corrupt businesspersons to transfer $122 million from a holding account in the central bank to private accounts overseas (The so-called 'ITPL scandal'). This led to widespread investigations by the Public Accounts Committee and the sacking of three Cabinet Ministers. This follows on from a similar event in 2007 which resulted in the resignation of the sitting Prime Minister. Because of this scandal Sweden and a number of other donors ceased GBS payments in the 2014-15 financial year, only recently resuming payments. At this point, it is instructive to reiterate the findings of Molenaers *et al.* (2015), which suggest that there is no evidence that GBS is ineffective, *ipso facto*, and that any move away from it is primarily political in nature.

5.5.3 Results and Sustainability

An independent evaluation of GBS and Sector Budget Support was conducted in 2012 that examined the performance of these arrangements between 2006 and 2012 (ITAD, 2013). Between 2005-6 and 2011-12, $5,000 million was distributed to the Government of Tanzania by donors through budget support arrangements, at an average of $650 million per year. Sweden's contribution was approximately $200 million during this period making it the second highest bilateral contributor after DFID.

With regard to public spending, the evaluation found that budget support enabled the Government of Tanzania to maintain high levels of development spending without resorting to borrowing. Budget support provided an additional $16 per head of population per annum. Total spending in the six priority sectors detailed in MKUKTA more than doubled across the period, which was equivalent to an increase of 5% of GDP per annum. The majority of the incremental increase in public spending was absorbed in the education sector, which has made an impact in various areas. Between 2005-6 and 2011-12 transition rates from primary school to high school increased from 20% to 54%. The case study on education below highlights some of the significant improvements in key education indicators that have occurred in recent years. A notable finding emanating from the evaluation was the fact that GBS delivered results with an efficiency and effectiveness that could not be expected of other modalities such as project aid, and that the modality significantly reduced transaction costs (compared to projects), while improving predictability. This has helped address many of the aid effectiveness issues surrounding project aid that concerned Sida and informed its decision to provide GBS in the first place.

Tanzania's performance in a number non-income poverty indicators has been the most impressive. The data shown in Chapters 2 and 4 are consistent with this. There is limited evidence that budget support has contributed to improvements in income poverty and this has caused consternation amongst development partners in Tanzania. As noted by Sida officials interviewed for this evaluation, linking budget support to poverty reduction (particularly income poverty) has been somewhat challenging. This does not of course rule out the possibility that poverty would have been higher in the absence of this support.

While some important non-income poverty achievements have been made, there has been less than satisfactory performance in the areas of policy reform and governance more generally. There have been some improvements in the Tanzanian Government's Public Financial Management systems, but according to the 2013 evaluation, these modest achievements would not have been significant enough to

generate a significant change in the efficiency of public expenditure. Therefore, while the quantum of public expenditure has increased the efficiency of that spending has not. A recent review of the PFM Reform Program in Tanzania (Innovex, 2015) suggests that while reforms are generally progressing well there are some challenges in areas like reform prioritization, reform ownership and maintaining clear distinctions between the PFM cycles at different levels of governance (e.g. national-local governments).

The budget support evaluation found that there have been significant improvements in fiscal and macro-economic policy management over the course of the evaluation period. There were also notable improvements in accountability including a strengthened role for the Public Accounts Committee (which was evident most recently from its role in the abovementioned IPTL scandal), and the introduction of corruption legislation. The evaluation found that targeted support in these areas had been critically important.

The evaluation also found that the complementary technical assistance and capacity building efforts of donors has been less than effective in some areas, and the potential wider effects of budget support on aid effectiveness were not exploited as effectively as they could have been. Donor efforts in these areas lack coordination and long-term commitment. Further, the evaluation found that the contribution of some budget support partners in the area of policy dialogue has not served to generate an open, strategic and problem-focused dialogue, and that donors, as a whole, need to strengthen the effectiveness of their policy dialogue. This point has been recognized by donors and the Government of Tanzania who are working together to develop new ways to strengthen this instrument in support of GBS (Development Partners Group, 2015). The latter point reinforces the importance of Sweden's strategic and values-focused approach, and in particular its determination to ensure its voice is not diffused within the GBS donor community and that it can continue to be a constructively critical partner of the Tanzanian government.

Sida was an early advocate for GBS as it recognized the sustainability issues associated with its long-term project aid – as

highlighted by the HESAWA case study above. Its support for GBS has contributed to an increase in social spending, which has, in turn led to achievements in non-income poverty dimensions. The most significant have been in the area of education. Sida has been a strong advocate for anti-corruption and plays a leadership role in the governance agenda. It also works to improve accountability through support for civil society. While donor support through the GBS modality has in all probability made an impact on non-income dimensions of poverty, its role in influencing reform and accountability has been less impressive. Corruption scandals continue to plague the Government of Tanzania and this has eroded trust. Strategic policy dialogue of the type favored by Sweden is missing in the broader donor community and more influential, problem-focused modes of policy dialogue alongside targeted capacity building initiatives are required to improve the effectiveness of GBS in Tanzania.

We conclude our examination of Swedish GBS with some comments on it from an AQEF perspective. Through its support for MKUKUTA it is consistent with pressing development needs by promoting expenditure on agriculture, health, energy, roads, health and water, each of which have the potential to be pro-poor. And as noted, evidence suggests that this support has led to higher development spending than would otherwise have been the case, although there is a lack of evidence of its contribution to poverty reduction. Support for GBS has also signified a move away from donorship to ownership, which is consistent with the Paris principles for effective aid. We do, however, note a paradox associated with this increased ownership in the next chapter. It is also consistent with the Paris principles of alignment, by its very nature, and harmonization given that Sweden is one of a number of donors providing GBS. Support for strengthening government systems is also consistent with being cognizant of and building local development capacity. On the negative side, Swedish support for GBS has not it seems been sufficiently cognizant of clientelism, as is evident from the above-noted problems with corruption.

5.6 Conclusion

This chapter examined four case studies of Swedish aid to Tanzania. The first case study reviewed the implementation of HESAWA, a long running Water and Sanitation program that specifically aimed to increase the welfare of poor rural families. The second case study reviews Sweden's support for energy in Tanzania, which in the beginning aimed to set the foundation for industrialization and economic development and in the latter years focused on improving the welfare of the rural poor and addressing capacity and enabling environment constraints. The third case study examined Sweden's support for education, which is the key social sector supported by Sweden. Aside from the multidimensional poverty reduction and welfare aspects of education support, this case study was chosen as it highlights key shifts in aid delivery over a long period, from project to program aid and ultimately to budget support. The fourth case study looked at Sweden's support for Tanzania's poverty reduction agenda through the provision of general budget support.

The results of this investigation was rather mixed. Clearly the most successful case was general budget support. It rated well against the Paris principles and helped address pressing development needs, although as noted encountered problems relating to clientelism. A number of issues have emerged from these case studies. These include Tanzanian government ownership of supported activities, a trade-off between short and long run results, questions concerning political will and a lack of effective dialogue. We consider these and other issues in more detail when looking at lessons learned, in the next chapter.

Chapter 6 Conclusion: Has Swedish Aid Contributed to Poverty Reduction in Tanzania? What Lessons can we Learn for Swedish Aid to Tanzania?

6.1 Introduction

It is instructive to revisit the key evaluation questions outlined at the commencement of this document. They are as follows.

(i) Has Swedish aid contributed to poverty reduction in Tanzania over time, and if so, in what way?

(ii) What are the important lessons for Swedish development co-operation today?

We attempt to answer the first of these questions by breaking the period of bilateral development co-operation between Sweden and Tanzania into three periods. The three periods are the Early and Expansion phases (covering the years 1962 to 1982), the Contraction and Adjustment Phases (1983 to 1996) and the Post-Adjustment Expansion Phase (1996 to the present).

It is appropriate to reiterate some points made in Chapter 1 regarding our approach to answering question (i). We do not seek to identify what poverty levels would have been in Tanzania in the absence of Swedish aid to it. The data required to answer this question do not exist, nor is there a methodology to accurately answer this question owing in particular to the difficulty of separating the impact of Swedish aid on poverty reduction in Tanzania from that of other donors. Indeed, it would still be extremely difficult to answer this question even if Sweden was the only aid donor to Tanzania owing to data limitations. Our concern is whether Swedish aid might have made a contribution to poverty reduction in Tanzania, or whether it is likely that the level of poverty in Tanzania would have been higher in its

absence. We emphasize the use of the word 'likely', as we look for a plausible association rather than causation or specific attribution.

The application of AQEF requires answering three questions: (i) has the delivery of Swedish aid to Tanzania been consistent with the Paris Declaration? (ii) has Swedish aid to Tanzania been directed towards the latter's pressing (poverty reducing) development needs? and (iii) has the delivery of Swedish aid to Tanzania been cognizant of development capacities and acted on this cognizance? If the answer to each of these questions is "yes", then it will be our contention that poverty in Tanzania would have been higher in the absence of Swedish aid to it (so that Sweden has contributed to poverty reduction in it). If the answer to each question is "no", then it will be our contention that poverty in Tanzania would have either been lower or roughly the same in the absence of Swedish aid to it. If the answers to these questions are not uniform, then the contribution of Swedish aid to poverty reduction in Tanzania is a matter of further judgement and elaboration.

In the next section of this chapter, Section 6.2, we attempt to answer each of the three AQEF questions to the extent possible given the material presented in the preceding chapters. An answer to evaluation question (i) is then provided. We do this for each of the above periods, in turn.

Section 6.3 provides a response to evaluation question (ii), based largely on the case study investigation provided in Chapter 5. Section 6.4 discusses strengths and weaknesses of AQEF and 6.5 concludes.

6.2 Contribution to Poverty Reduction

6.2.1 1962 to 1982

The period 1962 to 1982 was characterized by good intentions and much optimism. Yet it is reasonably clear from available evidence that it is two decades of wasted development opportunities. There were of course solid early achievements, especially with respect to multidimensional poverty achievements (in health and education), but

the economic crisis of the early 1980s with negative economic growth and galloping inflation either saw the reversal of these achievements or a slowing in their rate of increase.

Was the delivery of Swedish aid to Tanzania consistent with the Paris Declaration during this period?

There is clear evidence that during this period Swedish aid was aligned to the policies of the Tanzanian Government and suggestions that it was harmonized with the activities of other donors, at least insofar as other Nordic donors are concerned. There is also much evidence, including that presented in the case studies, of ownership during this period, with Tanzania leading its development policies and strategies. Indeed, to requote a key informant, Nyerere "himself was in the driving seat … donors were the wealthy passengers in the back seat". In these regards Swedish aid scores reasonably well against the Paris Principles and, therefore, the first AQEF component. The appropriate answer to this first question is "yes".

Was the delivery of Swedish aid to Tanzania cognizant of development capacities and did it act on this cognizance during this period?

There is very little evidence on this cognizance, and hence consistency with the third AQEF component, although the Swedish aid during this period was relatively focused, with Sweden supporting relatively few activities and being active in relatively few sectors.

Was Swedish aid directed towards Tanzania's pressing (poverty reducing) development needs during this period?

There was a pressing need for a better development policy and institutional framework or strategy in Tanzania during the period leading up to the economic crisis. The required framework was one that could sustain economic growth, and the broader benefits that it can generate, one that had a positive focus on agriculture, on which the living conditions of the vast majority of the Tanzanian poor depended. At very least such a policy should not have an inherent bias against the agricultural sector.

What was instead delivered in Tanzania during the period in question was an inappropriate, unsustainable development strategy, one supported in one way or another by Sweden and other donor partners. Not only did it fail to sustain growth, but adversely impacted on the agricultural sector and almost certainly increased poverty among rural dwellers. Sweden, like many other donors at the time, supported this strategy.

Mitigating against this was early Swedish support for rural areas. As Bigsten *et al.* (1994) note, this support could have raised the welfare of the rural poor, which as mentioned constitute the majority of Tanzanians living in poverty. Yet it is unlikely that increased welfare levels were sustained owing to the crisis toward the end of the period. The same can potentially be said for early Swedish support for education, although we note that much of this support was vocational training, which in all probability had little benefit for the poor, and for water and sanitation.

Our response to this question must, on balance, be "no". This is based on the observation that while much of Swedish support was directed towards addressing pressing needs, its support for Tanzania's development strategy offset any potential benefits from addressing these needs owing to the economic collapse of the early 1980s. We acknowledge that in a number of respects this is an unfair treatment of Swedish aid as it would have been difficult to do anything else. Support for the Tanzanian development strategy was also consistent with much of mainstream thinking on development at the time, and much of the economic collapse was due to factors beyond the control of the Tanzanian government. Sweden was supporting a government with which it had close relations, aligning with this government and harmonising with other donors in support of a strategy that at the time was considered by many to be entirely appropriate. But the objective reality is that the strategy failed, and both the efforts of Sweden and its donor partners failed with it.

Was the delivery of Swedish aid to Tanzania cognizant of development capacities and did it act on this cognizance during this period?

The preceding chapters do not provide much material on this issue for the period in question. As such it is difficult to provide a definitive answer to these questions. It is reasonable to assume that Sweden was cognizant of limited development capacities in Tanzania. These capacities were, after all, well known and often emphasized. What we can point to is that the Swedish aid program in Tanzania was relatively very focused, with relatively few activities being supportive and being active in relatively few sectors. This is consistent with minimizing the administrative burden of aid delivery in Tanzania. Our qualified answers to these questions is, therefore, "yes".

Did Swedish aid contribute to poverty reduction in Tanzania during 1962 to 1982, and if so, in what way?

Despite answering "yes" to two of the AQEF questions, the best answer to this question is that in all probability Sweden did not contribute to poverty reduction in Tanzania during this period, with any gains from the early part of the period from support for the rural sector and education would have been sustained owing to the economic crisis of the early 1980s. The main reason for this is its alignment with the Tanzanian government development strategy. That Swedish aid seemed consistent with the Paris Declaration principles, ownership in particular, points to an irony that we shall discuss in detail later under lessons learned. But the irony is basically that no matter how consistent aid might be with various aid effectiveness principles, it is likely to be doomed to poverty reducing failure if donors do not work with partner governments to address policy and institutional failures.

6.2.2 1983 to 1996

This was a rather difficult time for the Tanzanian Government and its donor partners. The enabling environment during this period was such that it is difficult to imagine that any bilateral donor could have contributed to poverty reduction.

While economic growth recovered and inflation fell toward the end of this period, education and health levels fell (although the latter was in large part due to HIV/AIDs) and income poverty increased. As

much as the available evidence presented above suggests, poverty in 1996 was most probably higher than in the mid-1970s and climbed appreciably during this period. Relations with the international donor community were at times bad and aid flows were volatile. Importantly, while an reform package was agreed with the donor community, there were delays in its implementation and questions regarding local ownership of it.

Was the delivery of Swedish aid to Tanzania consistent with the Paris Declaration during this period?

There is evidence that Swedish aid efforts was harmonized with that of other donors, especially from around 1984 onward when it joined the combined effort to push for policy and institutional reform. There is also evidence of alignment, a possible unpredictability of aid levels owing to significant year-on-year instability in Swedish aid levels notwithstanding. There are questions of ownership, as in the case study of Swedish support for water and sanitation under the HESAWA Program. There were also questions of the support of the Mwinyi government for reform, as evidenced by slow implementation. To use another driving analogy, and to paraphrase one key informant of this evaluation, donors during these years seem to have been in the driver's seat, with Tanzanian policy makers being forced into the back seats. This clouds the overall question regarding ownership, suggesting a divergence between official and unofficial positions, although does not necessarily deny ownership of Swedish funded activities. As a consequence, there are also questions about managing for results, in the Paris sense. The evidence as a whole is such that it is difficult to provide a definitive answer to the question of consistency with the Paris Declaration.

Was Swedish aid directed towards Tanzania's pressing (poverty reducing) development needs during this period?

As noted above, in the early years of this period Sweden either did not, or was slow to support of the reform of Tanzanian policies and on these grounds was criticized for helping delay the implementation of a more long-run development friendly policy regime. Sweden like other donors did, however, subsequently support reforms and to this

extent was directed to or supported a pressing need. It was also the case that Sweden provided support for social expenditures that might have cushioned the poverty impact of the adjustment program in Tanzania. Support for water and sanitation resulted in an impressive array of outputs and had a rural focus, but our case study investigation questioned the contribution to poverty reduction. Education support during this period switched to support for primary education and is consistent with poverty reduction. Our case study investigation points to this having had good outcomes. Support for energy was efficiently delivered, although a lack of local capacity was problematic. Importantly, it was focused on rural areas, although it seems to have had little poverty impact or, if so, impact that is difficult to observe. Given the comments above about the divergence between official and unofficial government positions, clientelism was clearly a particular issue during this period. Whether Sweden took sufficient account of this in the delivery of its aid remains to be seen. Importantly, support for research capacity building was consistent with building policy development capacity.

Given the general if not total consistency of Swedish support with factors identified in our ToC, our answer to the question of whether Sweden addressed pressing development needs in Tanzania during 1983 to 1996 is an on balance "yes".

Was the delivery of Swedish aid to Tanzania cognizant of development capacities and did it act on this cognizance during this period?

The response to this question is somewhat mixed. Given its support for research capacity building, Sweden was clearly cognizant of development capacities and acted in accordance with this cognizance. On the other hand, Swedish support for water and sanitation and energy, as noted above, was adversely affected by local capacity constraints, which suggests insufficient cognizance or a failure to act on this cognizance. Additionally, the period also saw very substantial proliferation and fragmentation of Swedish support, which is indicative of increased an administrative burden for the Tanzanian bureaucracy. This was evidenced by the large increase in the

number of activities funded by Sweden and the number of DAC sectors in which it was present in the late 1980s.

Did Swedish aid contribute to poverty reduction in Tanzania during 1983 to 1996, and if so, in what way?

Taking into account all of the evidence summarized above, Swedish aid: (i) was not always characterized by a consistency with the Paris principles; (ii) did target pressing development needs; and; (iii) was not always cognizant of local capacity constraints. As such it scores well against AQEF component two, but with mixed assessments against components one and three. At best Swedish aid might have made a marginal contribution to poverty reduction, ensuring poverty levels that would have been slightly higher in its absence. This is, however, a highly speculative response and should be treated in this vein.

6.2.3 1997 to the present

The years from 1997 onwards were much more development-friendly than those preceding them, and the enabling environment for all donors was far superior to that of previous eras. Donor support for Tanzania surged, with it becoming one of the so-called 'darlings' of the international donor community. The proportion of Tanzanians living in poverty commenced to decline, as did the number of Tanzanians living on less than $PPP1.25 per day decline. The number of Tanzanians living on less than $PPP2 continued to rise, however. Relations between the Government of Tanzania and donors, while still subject to the occasional tension, have improved and are more stable, despite issues of trust emerging at times. Economic recovery was well under way, with solid growth rates and reasonably low inflation. Social expenditures were much higher than in previous years. Donors are considered to have in general played a positive role in the turnaround of and sustained growth achieved by the Tanzanian economy.

This is not to say, however, that the years from 1997 are not without significant structural complications. Aid flows have grown dramatically, albeit in a somewhat unstable and possibly unpredictable manner. The number of donors supporting Tanzania has grown

appreciably, more than doubling since 1997. This has been accompanied by an enormous increase in the number of donor funded activities in Tanzania. This increase has put significant strain on an already over-stretched Tanzanian administration.

Our answer to the AQEF questions and to evaluation question (i) is very heavily influenced by Sweden's GBS to Tanzania during this period. It should be recalled the GBS was by far the dominant form of support from the early 2000s, with 57.2% and 40.8% of Swedish bilateral aid to Tanzania in the years 2005 to 2009 and 2010 to 2014, respectively, being allocated to it.

Was the delivery of Swedish aid to Tanzania consistent with the Paris Declaration during this period?

Budget support is widely held to be in principle consistent with the Paris principles of alignment, harmonization (by avoiding duplication in activity funding), and ownership. It does, however, require and trust between the donor and partner government, and clearly this trust has been lacking at times in the Kikwete government years, from 2005 to 2015. The questions during these years regarding corruption are a clear indication of the lack of trust. From a Paris perspective, the relevant principle is mutual accountability, and there at times appears to have been a lack of this accountability. In so far as budgetary support is concerned, the response to this question, of the consistency of Swedish aid delivery with the Paris Declaration, tends towards "yes". By this it is meant that it is consistent with most but not all Paris principles. Evidence from other forms of Swedish aid does not alter this response.

Was Swedish aid directed towards Tanzania's pressing (poverty reducing) development needs during this period?

Case study analysis of Swedish GBS since 2005 provides a favorable impression from the perspective of addressing pressing development needs. The funding was aimed at poverty reduction while at the same time strengthening government systems. There is evidence that this support allowed the Government of Tanzania to support social development expenditure while not incurring additional debt.

Importantly, this expenditure is consistent with a pro-poor strategy through supporting agriculture, education, energy, roads and access to water.

This analysis noted that it is difficult to link general budget support directly to poverty reduction. But there would appear to be evidence which might be suggestive of a link. As noted in Chapter 4, the poverty elasticity of economic growth increased appreciably in absolute terms during this period, being estimated as high as -3.47 percent during 2007 to 2012. If Swedish support enabled the Tanzanian government to maintain expenditure without incurring debt it will, one would reasonably expect, contribute to higher growth and, in turn, income poverty reduction. And of course maintaining social expenditure will mean that achievements in health, education and the like will be higher than would otherwise be the case, which cannot be bad for multidimensional poverty reduction. Mitigating against this was the rise or distrust and corruption during the Kikwete years. This is suggestive of a lack of sufficient cognizance of clientelism in aid delivery.

Overall, it seems, the answer to the question of whether Swedish aid was directed towards pressing development needs, is “yes”.

Was the delivery of Swedish aid to Tanzania cognizant of development capacities and did it act on this cognizance during this period?

Through its GBS Swedish aid was clearly cognizant of development capacities and acted accordingly through seeking to strengthening government systems. Yet the fragmentation and proliferation of Swedish aid reached their highest levels ever in 2006. Fragmentation and proliferation have become huge issues in Tanzania, especially the proliferation of donor funded activities. In this sense, Sweden made a bad situation worse during the period in question. The response to this question must be mixed, therefore.

Did Swedish aid contribute to poverty reduction in Tanzania during 1997 to the present, and if so, in what way?

The short answer to this question is that in all probability it has, concerns regarding the increased burden on the Tanzanian bureaucracy, to which Sweden has contributed, and clientelism, notwithstanding. The main justification for response has been the Swedish focus on GBS. This has supported pro-poor expenditures and the strengthening of Tanzanian government systems and has ensured a general if not total consistency with the Paris principles for developmentally effective aid.

6.3 Lessons Learned for Development Co-operation Today

What can we learn from this evaluation for present day development co-operation? We posit five overall lessons. The first three are based on the case study investigation in Chapter 5.

6.3.1 Lesson One: The Paradox of Ownership

Ownership is the extent to which developing countries lead their own development policies and strategies, and manage their own development work on the ground. As stated above, it is clear from the data presented in this evaluation that throughout the entire development co-operation relationship Sweden strongly supported Tanzanian government-driven development policies and strategies from the outset, and that Sweden has been a leader in many aid effectiveness initiatives in Tanzania including its provision of budget support. It is also clear, however, that the longstanding focus on ownership has, in some periods of Swedish aid, been more theoretical than practical, and that the dilemmas of implementation have forced it to adopt a somewhat paradoxical position vis-à-vis ownership.

As highlighted by a number of senior Sida officials interviewed for this evaluation, a strong commitment to ownership manifested itself very early on in the form of political support and solidarity with the early policies of the CCM. The close relationship between Olof Palme and Julius Nyerere no doubt laid the foundation for this commitment. Sweden strongly supported the industrialisation policies of the

Government of Tanzania during much of the period 1962 to 1985. A focus on agriculture, with quality aid, would have had more probability of lifting people out of poverty.

Senior Swedish policy makers interviewed for this assignment noted that there was very strong, and at times illogical, support for these policies in the 1970s and 1980s even when there was strong evidence that they were ineffective in achieving economic development and poverty outcomes. It was felt by some senior policy makers and economic consultants that too much emphasis was placed on supporting the Tanzanian government's vision for economic development and that Sweden could not act as a critical partner due to the close political relationship. In this instance, the political and subjective drivers of the relationship may have got in the way of a more objective approach. Once this political support for Tanzania's industrial policies was in place there was an element of path dependency to the development co-operation that followed, particularly with regard to economic development projects. More generally, as a key informant of this evaluation observed, it is reasonable to suggest that the Nyerere years, from independence until 1985, were a honeymoon period of development co-operation with Tanzania. During this period this informant commented that the Government of Tanzania could largely get away with almost anything because of the trust donors had in Nyerere as an incorrupt, and puritan leader who was setting an example for the rest of sub-Saharan Africa to follow.[55] That is why not only Sweden but also other donors proved so patient with the policy regime in Tanzania before the IMF and World Bank stepped in to bring about a change of direction in policy.

Ownership also includes control over (and accountability for) implementation. It was clear that while Sweden supported the Government of Tanzania's strategic and policy ownership it had increasingly less confidence in the ability of the Government of

[55] A key informant of this evaluation commented that during the Nyerere period "donor advice was largely ignored and the nationalist leader himself was in the driving seat … donors were the wealthy passengers in the back seat".

Tanzania to manage its own development work on the ground. The initial achievements of the 1960s and early 1970s gave way to a dependency both on donor funds and on technical assistance and projects to implement the 'vision' for economic development. Over time the Government of Tanzania actually became less capable of implementation. During this period Swedish project aid (and other donor project aid) peaked. And, has been noted by some commentators and key informants to this evaluation, this support may have actually worked to delay much needed government reforms. Sweden directly implemented a vast range of projects in many sectors during this time. So, paradoxically, while Sweden supported the strategic and policy aspects of 'ownership', the practical implementation issues and the lack of results led to a hands on approach to aid delivery and the bypassing of country systems, which as noted by Catterson and Lindahl (1999) fostered dependency and led to unsustainable results – as the HESAWA case study highlights.

In the mid-1980s, with the advent of economic reform, donors also took control of the policy and strategic space, as well as the implementation space. During this period, ownership largely vanished and a period of all-encompassing 'donorship' was ushered in. Throughout the 1980s however, Sweden continued to advocate for Government of Tanzania ownership and even provided sector support. As noted in the education case study, Sweden was a strong supporter of Education Sector Support and advocated for this strongly with other donors, at a time when donor trust in Government of Tanzania systems was very weak, and tensions between it and donors were high. The tensions between ownership and donorship were addressed with the advent of the Helleiner Report 'Domination or Dialogue' and efforts from all sides were made to repair the donor-recipient relationship and adopt aid effectiveness principles. That is not to imply, however, that in subsequent years problems have not emerged. During the Kikwete Presidency, between 2005 and 2015, when trust began to decline and questions were raised about not only corruption but also the value of continuing budget support and when Sweden, like it did during the economic crisis in the early 1980s, took a

position of trusting Tanzania and its country systems to an extent that other donors proved unwilling to do.

Sweden was an early leader in this aid effectiveness agenda and continues to strongly support the use of country systems through GBS and its work in energy in particular. While the current GBS arrangements have and continue to face some difficulty, as noted by Molenaers *et al.* (2015) there is no evidence that the modality is ineffective. It is expected that Sweden will continue to support country systems through this modality and other programmatic approaches in the future.

The fundamental point on this matter is that ownership has many layers and promoting it at one level does not guarantee it at another. In the context of Swedish aid to Tanzania, a policy of what might be described as high level ownership, where Sweden promoted Tanzanian government ownership of policies and associated overall development strategies, was associated with a lack of lower level ownership, in which the actual delivery of aid bypassed country systems owing to a lack of implementation capacity. This also points to an issue concerning the Paris principles, one that was in part recognised through the augmentation of these principles with cognizance of development capacity (and addressing pressing development needs) to form the AQEF. The recognition is that aid delivered in accordance with these principles cannot be assumed to be effective unless there is sufficient local development capacity.

6.3.2 Lesson Two: Short-run Results versus Long-run Impact

The HESAWA and Energy case studies discussed in Chapter 5 raise an interesting point with regard to Swedish aid delivery, and that is the tension that has existed between ensuring results and promoting sustainability. The political imperative to justify aid spending is of paramount concern to donors. This often leads to an output-based focus with regard to results, as opposed to long-term outcomes and impacts. Both the HESAWA and early hydroelectric infrastructure projects were effective in achieving results at the output level: power plants were built on time, large numbers of water points were constructed, and this was done relatively cost effectively. Yet both

cases highlighted significant issues with the sustainability of these results. In the case of HESAWA, the lack of focus on economic projects affected the take up rate, and the incentive for rural people to be involved, issues with implementation, parallel management structures and ineffective participation also affected the sustainability of outcomes. In the energy space, a lack of institutional strengthening and capacity building affected the sustainability of project outcomes and it wasn't long before energy infrastructure fell into disrepair, alongside deficits in management and planning. Fostering ownership at all levels (including functional not just nominal ownership) and building capacity to sustainably manage development outcomes are both important components of the AQEF; the two cases described above highlight how Sida could have made more effort in both these areas.

Sweden's investment in rural energy clearly demonstrates that it has learnt from its experience over time. Its long-term, strategic and programmatic approach to providing rural electricity seeks to strike a balance between providing connections (output based result), while also strengthening the conditions for the sustainability of those results through strengthening financial, institutional, policy and regulatory framework issues. The financial sustainability of the Rural Energy Fund is an example of significant progress. As noted in the energy case study a key focus of the program should be to foster those complementarities that are necessary to ensure that connected and non-connected householders derive meaningful poverty-reducing effects of electricity. Ensuring that poor rural people to benefit from electricity connection will help further promote sustainability.

Our lesson, therefore, is that donors need to be conscious of tensions between the simultaneous pursuit of short-run results and long-run impacts, seeking to foster capacity building complementarities between them that reduces the adverse consequences of these tensions. We are not implying that donors and their developing country partners will not be aware of the potential for such tension to arise, and in this sense our comments serve as a reminder and reinforcement of the importance of this issue.

6.3.3 Lesson Three: The Importance of Advocacy and Dialogue

Tanzania has received large amounts of official development assistance throughout its post-independence history, as the data in Chapter 2 made very clear. Yet this aid to Tanzania is widely expected to play a smaller role in Tanzania in the future, as the current Swedish Tanzanian country policy envisages. This raises the question of possible ways and roles for Sweden in its future partnership with Tanzania. The underlying principles for provision of GBS include (among others) commitment to poverty reduction, human rights, good governance and anti-corruption – values that are (and have been so for decades) integral to Swedish aid. Sweden was among the first donors in Tanzania, and remained in the country during the crisis in the mid-1980s, when some other donors pulled out.

According to a report from the Christian Michelsen Institute (Selbervik, 2006), Sweden (and other Nordic countries) has a special relationship with the Government of Tanzania compared to other donors, a relationship characterized by trust and openness. This was mentioned by the majority of Swedish key informants interviewed for this evaluation. It can be explained by different factors including the long-term presence in the country, and that Sweden has no colonial interests in Tanzania. Furthermore, Sweden (and Denmark and Norway) has been referred to as "exceptional actors" in aid. While this exceptionalism would appear to have eroded somewhat since the publication of the Selbervik study, which was cautious in conclusions, Sweden would appear to remain to some extent well positioned to raise otherwise sensitive issues in its policy dialogue with the Government of Tanzania.

While Tanzania has achieved solid development and poverty reduction results in recent times, it still faces many significant challenges. Principal among them is to reduce poverty levels in rural areas. Sweden is well positioned to continuously stress the importance of a poverty orientation, the social sectors, good governance (including anti-corruption) and civil society in meeting these challenges. As such it can play an important role in Tanzania's future

development strategy, seeking to ensure that existing achievements are sustained and current challenges are successfully addressed.

The importance of advocacy leads us to the consideration of dialogue. A donor can engage in advocacy as much as it wants, but for it be effective in the context of influencing partner government behavior in ways that promote good development it requires constructive dialogue between the two parties. This is particularly important for general budget support given the very nature of this support. It is also a way in which trust can be achieved and maintained between a donor and partner government. More effective dialogue might have avoided the stalled reforms during the Mwinyi years. It might have also promoted greater trust, avoided corruption and the softening of institutions during Kikwete years. Dialogue might also have been able to convince the Nyerere government to change its policy stance in the years leading up to the economic collapse of the early 1980s.

6.3.4 Lesson Four: The Ongoing Need for Greater Programmatic Focus

A number of donors have over recent years reduced the number of countries to which they provide aid. This is partly motivated by a desire to achieve better development results in countries for their own bilateral programs, by concentrating their efforts and achieving a greater international division of donor labour. It is also motivated by desire to reduce the extent of donor proliferation in recipient countries, thereby hopefully increasing the overall effectiveness of donor support in them. The very same thinking applies to the number of activities donors fund and the number of sectors in which donors are present in recipient countries, or to proliferation and fragmentation, respectively. In short, there is clear case for programmatic focus.

The Tanzanian experience, documented in Chapters 1 to 3 above, appears to provide a strong country specific case for greater programmatic focus at the activity and sectoral levels. Proliferation and fragmentation have long been issues in Tanzania. As mentioned in Chapter 1, Tanzania introducing the quiet period, during which donor

meetings, missions and reviews are minimized so that the government can concentrate on budget preparation and approval processes. The Adam *et al*. (1994) evaluation expressed concerns over Tanzania's administrative capacity to efficiently manage the large number if aid financed activities in it. Yet the number of donor financed activities increased after the publication of the Adams evaluation, and Sweden contributed to this growth, making a bad situation worse. Sweden also since become involved in more sectors. While there have in recent years been reductions in these regards, the number of activities Sweden presently funds and sectors in which it is involved remains uncomfortably large. Added to this, based on the most recent information, which is for the year 2014, donors funded 3308 activities in Tanzania, which is more than twice the number funded in 2000.

Action needs to be taken on this, and there is no obvious reason why Sweden cannot take a lead. What is required is not only for each donor to have greater programmatic focus, but for there to be co-ordination among donors to ensure an appropriate division of labor between the sectors that they support. The delegated co-operation model mentioned in Chapter 2 could be useful in this regard.

6.3.5 Lesson Five: Policies and Institutional Performance Matters, but so does Politics

The fifth lesson concerns an issue that has been hotly debated in the aid effectiveness literature. It concerns the importance of policies and institutional performance for aid effectiveness. There are many contributors, quite possibly the majority, who maintain that policies and institutions are not important for aid effectiveness, including poverty reduction. Others argue the opposite. The evidence used is that obtained from the application of econometric models to cross country or panel data. It follows given the debate that some models suggest that policies and institutions matter whereas other do not.

Based on the findings of this evaluation, the Tanzanian case would appear to make it quite clear that policies and institutional performance do matter for aid effectiveness. The message for donors is clear: to continue to work with the Government of Tanzania to promote the development impact of policy settings and institutional

behavior. This message is consistent with that provided by the famous Burnside and Dollar (2000) study. As for the empirical cross country literature, to which the Burnside and Dollar study belongs, it would appear reasonable to suggest that the issue it in effect addresses is methodological in nature, that being whether it is possible in the context of an econometric model applied using cross country data to observe a robust relationship between aid effectiveness and policies and institutional performance. Whether as a general rule policy and institutional performance matter for aid effectiveness will it seems only be settled after much more country specific research.

There is also two further, rather specific or sub-lessons that derive from that just outlined. The first is that it is not just formal institutions that matter, informal ones matter too. Our discussion of clientelism in Chapter 4 points to the importance of the latter, and that not everything that is informal is bad from an aid effectiveness point of view. Donors need to be cognizant of the nature and operation of informal institutions in Tanzania and elsewhere in the design and delivery of aid programs.

The second sub-lesson is that while policies certainly matter, so too does politics. As the Tanzanian case demonstrates, a determining factor of success with building institutions and implementing appropriate policies has typically been that a local actor has had a vested interest in pursuing an objective that donors support. This is a little like the well-known aid fungibility issue, where a recipient uses aid funds for purposes other than those for which the donor provided the funds. Here the focus is on higher level outcomes, of the overall or higher level objectives a donor might have in supporting a particular partner country. If a donor is to work effectively towards achieving these objectives it needs understanding of the political logic that drives policies in partner countries. This points to a development capacity different to that identified by AQEF in that it relates to political capacity or will to embrace certain objective. It also points to the broader reality that donor-recipient relations are not a linear process in which aid is the unquestioned independent variable and what happens in partner country is the dependent one. The relationship is a much more complex endogenous one. While our

evaluation has not addressed this relationship to any significant extent, its investigation of the case of Swedish aid to Tanzania is certainly suggestive of it.

6.4 AQEF: Strengths and Weaknesses

A requirement of this evaluation is to consider the strengths and weaknesses of the model it has used. This is of course the Aid Quality Evaluation Framework (AQEF), outlined in Chapter 1 and referred to throughout this document. As mentioned, the AEQF was initially developed for the Sida commissioned evaluations of Swedish long-term development co-operation with Laos, Sri Lanka, and Vietnam conducted in 2010 and 2011. While it has since been the subject of ongoing refinement, there is still plenty of room for further development, in both its design and application.

6.4.1 Strengths

We identify four strengths of the AQEF.

First, it caters for the many situations in which it is not possible to directly observe or quantify the impact of development co-operation on poverty reduction, or for that matter a range of other intended outcomes of such co-operation, owing to a lack of requisite data. It essentially guides the evaluation, conditioning the lines of enquiry in the application of the chosen research methods.

Second, it does not require knowledge of the counterfactual. It instead asks whether the aid in question might have made a contribution to poverty reduction, or whether it is likely that the level of poverty in the recipient country in question would have been higher in its absence. We emphasize the use of the word 'likely', as the AQEF application looks for a plausible association rather than causation or specific attribution. The same question can be asked of the other intended outcomes of development co-operation, be it the promotion of human rights, capacity development, climate change mitigation and adaption, health promotion and so on.

Third, the AQEF can be applied using what is widely regarded as a particularly robust and rigorous research methodology, that being the mixed methods approach.

Fourth, it can easily be modified. Additional components can be added to it. Its components can be readily replaced or changed. Changes might, for example, reflect new knowledge on what makes for effective aid. All that is required to guide these modifications is knowledge of what it is that drives the intended outcome in question.

6.4.2 Weaknesses

The application of AQEF in this evaluation points to two weaknesses of the design of the framework, which require further thought, and to two issues in its application. We consider each in term.

AQEF Design

The AQEF was originally designed almost as a check-list against which a development co-operation program could be assessed. In a sense, the more ticks against this list, to each of the AQEF components, the better the assessment of the program under consideration. This implies an arithmetic relationship between each of the components, with a failure to secure a positive assessment (a "no" or uncertain response) against any one component being compensated by securing a positive assessment (a "yes") in two or more others.

The application of AQEF in this evaluation points to a more complex relationship between its components, in which a negative assessment against any one is not necessarily compensating by positive assessments against the others. This suggests a multiplicative as opposed to arithmetic relationship. This points to potential ambiguity in the overall interpretation of the results of AQEF's application, with it potentially not being as sharp an instrument as would otherwise be the case. It would appear to be reasonably clear that if the delivery of the aid program in question has been consistent with the Paris Declaration principles and cognizant of development capacities and

acted on this cognizance, so that a "yes" assessment is assigned against these components, but has not been directed towards the pressing (poverty reducing) development needs, so that a "no" is assigned against this component, then the overall assessment based on AQEF is that this aid has not contributed to poverty reduction. But what if these answers were, respectively, "yes, no and yes"? Alternatively, what if the aid in question was consistent with some Paris principles but not others? Would this deem a "yes" or "no"? This ambiguity is an issue that requires more consideration and conceptual clarity.

Another issue that has arisen in this evaluation concerns the development capacity component of AQEF, component (iii). Bureaucratic and policy development capacity was also identified as a maintainer or constraint to poverty reduction, and hence taken into account in consideration of AQEF component (ii). This implies a degree of overlap between these components. Should this imply that AQEF be reduced to two components, or does it imply that development capacity under (iii) is broader in its focus, looking at overall as opposed to specific poverty-reducing capacity? This also requires more consideration.

AQEF Application

Resources are important in conducting any evaluation, but they are especially important in the application of AQEF. The budget for this evaluation was a fraction of that for the previous four evaluations in which AQEF was applied. This has clear implications for the extent of case study and associated qualitative investigation that was conducted during this evaluation. This investigation is typically much more labor intensive than the quantitative work and as a result far fewer case studies and key informant interviews were permitted than in pervious applications owing to the budget. While we remain confident that this evaluation's conclusions are robust with respect to case study selection and key informant access, it would have been preferable to have considered more case studies and interviewed more key informants.

That relatively few key informants interviewed points to a second issue in the application of AQEF. Obtaining access to key informants was particularly difficult in this evaluation. We suspect that the reason

for this is that many key informants saw the evaluation as an independent or academic activity. The previous evaluations in which AQEF was applied had much more input from the relevant donor agencies, and as such were seen as official evaluations, albeit conducted by an independent evaluation team. Requests for interviews from key informants often came from these agencies. Subsequent evaluations that have an independent orientation will need to keep this issue in mind.

6.5 Conclusion

Sweden has provided bilateral aid to Tanzania since 1962. Tanzania has received more Swedish bilateral development aid than any other country, having received $6.08 billion in this assistance since 1962. Sweden ranks third among Tanzania's ODA donors between 1960 and 2013 in terms of volume. The relationship between the two countries has gone through good times and bad. Sweden was a particularly strong supporter of Tanzania in the early days after independence, it continued to provide aid throughout the late 1970s and early to mid-1980s when the Tanzanian economy collapsed and relations with donors soured, and it continues to the present. In 2013 Sweden was the sixth largest donor of bilateral aid to Tanzania in terms of volume.

Clearly, one would expect that more than six billion dollars in aid would have had some impact on development in Tanzania. Our evaluation finds that it in all probably it has contributed to poverty reduction in Tanzania since 1962 to the present, although the answer to the above question is not straightforward given the ebbs and flows of Tanzania's post independence development record. During the period 1962 to 1982, our evaluation concludes that Swedish bilateral aid was unlikely to have made a contribution to poverty reduction in Tanzania, owing primarily to it support for the Tanzanian development strategy and the economic crisis to which this strategy was a contributing factor. It concludes that for the period 1983 to 1996, Swedish aid might at best have made a marginal contribution to poverty reduction, ensuring poverty levels that would have been

slightly higher in its absence. The enabling environment for aid effectiveness during this period was such that it is difficult to imagine that any bilateral donor could have contributed to poverty reduction. The period from 1997 was much more development friendly, despite the some tensions between the Tanzanian government and the donor community. Our evaluation finds that Sweden will have contributed to poverty reduction in Tanzania during this period, largely owing to the main form in which this aid was provided, which was general budget support. Evidence suggests that this support has enabled the Government of Tanzania to support pro-poor development expenditure and also strengthen its own bureaucratic systems.

Appendix: Key Informants List Name	Organization	Position or Relevant Expertise
Gun-Britt Andersson	Swedish Embassy, Tanzania	Deputy Head of Development Co-operation, 1980-84
Maria van Berlekom	Swedish Embassy, Tanzania	Head of Development Co-operation, current.
Arne Bigsten	University of Gothenburg, Sweden	Economist with significant Tanzania and aid effectiveness expertise.
Anette Widholm Bolme	Swedish Embassy, Tanzania	Democratic Governance Advisor
Staffan Herrström	Swedish Embassy, Tanzania	Ambassador, 2007- 10
Helen Kijo-Bisimba	Legal and Human Rights Centre (LHRC)	Executive Director
Inger Lundgren	Swedish Embassy, Tanzania	Research Program Officer
Jennifer Matafu	Swedish Embassy, Tanzania	Has held different positions within the embassy (no longer with the embassy)
Bengiel H. Msofe	Rural Energy Agency (REA)	Director Technical Services
Lutengano U.A. Mwakahesya	Rural Energy Agency (REA)	Director General
Stephen Mwakifwamba	Swedish Embassy, Tanzania	Energy Program Officer
George M.J. Nchwali	Rural Energy Agency (REA)	Director of Finance and Administration
Boniface Gissima Nyamo-Hanga	Rural Energy Agency (REA)	Director of Market Development and Technologies
Anders Oljelund	Swedish Embassy, Tanzania	Ambassador, 1989-93
Sven Olander	Swedish Embassy, Tanzania	Regional Adviser Results Based Financing Approaches
Torbjörn Pettersson	Swedish Embassy, Tanzania	Head of Development Co-operation, 2004-08

Helena Reuterswärd	Swedish Embassy, Tanzania	Education Program Officer
Joyce Tesha	Swedish Embassy, Tanzania	Gender and Child rights program coordinator
Samuel Wangwe	Policy Research for Development (REPOA)	(Former) Director of REPOA
Lennart Wohlgemuth	SIDA	Economic Adviser

References

Adam, C., A. Bigsten, P. Collier, J. Eva and S. O'Connell (1994), *Evaluation of Swedish Development Co-operation with Tanzania*, Swedish Ministry for Foreign Affairs, Goteborg and Centre for the Study of African Economics, Oxford.

Anderson, K. and W. Masters (2009), "Introduction and Summary", in K. Anderson and W. Masters (eds.), *Distortions to Agricultural Incentives in Africa*, World Bank, Washington, chapter 1, pp. 3-67

Arndt, C., L. Demery, A. McKay and F. Tarp (2015), *Growth and Poverty Reduction in Tanzania,* WIDER Working Paper 2015/051, World Institute for Development Economics Research, Helsinki.

Bagachwa M.S.. D.A. Mbelle and B. Van Arkadie (1992*), Market Reforms and Parastatal Restructuring in Tanzania,* Economics Department and the Economic Research, University of Dar es Salaam.

Bigsten, A., D. Mutalemwa, Y. Tsikata and S. Wangwe (2001), "Tanzania", Chapter 6 in S. Devarajan, D. Dollar and T. Holmgren (editors), *Aid and Reform in Africa: Lessons from Ten Case Studies*, World Bank, Washington DC.

Bourguignon, F. and M. Sundberg (2006), *Absorptive Capacity and Achieving the MDGs*, WIDER Research Paper No. 2006/47, World Institute for Development Economics Research, Helsinki.

Development Partners Group (2015), *Budget Support in Tanzania 2014-15*, Development Partners Group, Dar es Salaam.

Carlsson, J. (1998), "Swedish Aid for Poverty Reduction: A History of Policy and Practice", *Overseas Development Institute Working Paper 107*, Overseas Development Institute, London.

Clemens, M., S. Radelet and R. Bhavnani (2004), *Counting Chickens when they Hatch: The Short-term Effect of Aid on Growth*,

Centre for Global Development Working Paper No. 44, Centre for Global Development, Washington DC.

Dahlström, E., M. Cuellar and H. Petersson (1997), *Swedish Support to the Tanzanian Power Sector,* Sida Evaluation, 1997:24.

Danielson, L. and P. Zhou (2011), Mid Term Review of the Capacity Development Project of the Rural Energy Agency, Tanzania – Final Report, Sida 2011:21.

Easterly, W. (2003), "Can Foreign Aid Buy Growth?", *Journal of Economic Perspectives*, 17(3): 23-48.

Edwards, S. (2012), "Is Tanzania a Success Story? A Long-term Analysis", *NBER Working Paper No. 17764*, National Bureau of Economic Research, Cambridge MA.

Feeny, S. and M. McGillivray (2011), "Scaling-up Foreign Aid: Will the 'Big Push' Work?", *The World Economy*, 34(1): 54-73.

Freudenthal, S. (2014), Tracing Research Capacities in Tanzania: A Study of Tanzanian PhD Holders Trained with the Tanzanian-Sweden Research Cooperation, Sida, Stockholm.

Gordon, D.F. (1994), "International Economic Relations, Regional Co-operation and Foreign Policy", Chapter 8 in J.D. Barkan (editor), *Beyond Capitalism vs. Socialism in Kenya and Tanzania*, Lynne Reinner Publishers, Boulder.

Government of Sweden (2013), *Sweden-Tanzania Co-operation: Yesterday, Today and Tomorrow*, Swedish Embassy, Dar-es-Salaam.

Government of Tanzania (2012), *Population and Housing Census – 2012,* National Bureau of Statistics, Dar es Salaam.

Guillaumont, P. and S. Guillaumont Jeanneney (2006), *Big Push versus Absorptive Capacity: How to Reconcile the Two Approaches*, FERDI Research Paper E 2006.14, Université d'Auvergne, Clermont-Ferrand.

Handley, G., K. Higgins and B. Sharma with K. Bird and D. Cammack (2009), *Poverty and Poverty Reduction in sub-Saharan*

Africa: An Overview of the Issues, ODI Working Paper 299, Overseas Development Institute, London.

Hansen, H. and F. Tarp (2001), "Aid and Growth Regressions", *Journal of Development Economics*, 64(2): 547-570.

Heller, P. and S. Gupta (2002), "More Aid – Making it Work for the Poor", *World Economics*, 3(4): 131-146.

Hogarth, R. and I. Granoff (2015), Speaking Truth to Power: Why Energy Distribution is More Important than Generation in Africa's Poverty Challenge, Overseas Development Institute, London.

Huang, Y. (1976), "Distribution of the Tax Burden in Tanzania", *The Economic Journal*, 86 (341): 73-86.

Hydén, G. (2005), Why Do Things Happen the Way They Do? A Power Analysis of Tanzania, Embassy of Sweden,Dar es Salaam.

Hydén G. and B. Karlstrom (1993), "Structural Adjustment as a Policy Process: The Case of Tanzania", *World Development* 9 (21): 1395-1404.

IMF (2002), *World Economic Outlook 2002*, International Monetary Fund, Washington DC.

IMF (2007), *Fiscal Policy Response to Scaled-Up Aid*, International Monetary Fund, Washington DC.

IMF (2015), *World Economic Outlook 2015*, International Monetary Fund, Washington DC.

Innovex (2015), Mid-Term Review for the Public Financial Management Reform Programme – Phase Four. Ministry of Finance, September, 2013.

IRC (1992), Evaluation of the SIDA supported HESAWA Programme in the Lake Region of Tanzania, International Water and Sanitation Centre (IRC), The Hague.

Isinika, A., G. Ashimogo and J. Mlangwa (2005), "From Ujamaa to Structural Adjustment – Agricultural Intensification in Tanzania", in G. Djurfeldt, H. Holmén, M. Jirström and R. Larsson (eds), *The*

African Food Crisis: Lessons from the Asian Green Revolution, CABI Publications, Wallingford, pp. 197-218

ITAD (2013), Joint Evaluation of Budget Support to Tanzania: Lessons Learned and Recommendations for the Future, Volume 1, ITAD, East Sussex.

Janus, H. and N.Keijzer (2015), "Big Results Now? Emerging Lessons from Results-Based Aid in Tanzania", *German Development Institute Discussion Paper 2/2015*, German Development Institute, Bonn.

Killick, T. (1995), "Structural Adjustment and Poverty Alleviation: An Interpretive Survey", *Development and Change*, 26(2): 305-330.

Lensink, R. and O. Morrissey (2000), "Aid Instability as a Measure of Uncertainty and the Positive Impact of Aid on Growth", *Journal of Development Studies*, 36(3): 31-49.

Leyaro, V., O. Morrissey and T. Owens (2010), "Food Prices, Tax Reforms and Consumer Welfare in Tanzania 1990-2007", *International Tax and Public Finance*, 17(4): 430-450.

McGillivray, M. (2003), "Aid Effectiveness and Selectivity: Integrating Multiple Objectives into Aid Allocation", *DAC Journal*, 4(3): 27-40.

McGillivray, M., D. Carpenter and S. Norup (2012a), *Evaluation of Long-term Development Co-operation between Vietnam and Sweden*, Swedish International Development Agency, Stockholm.

McGillivray, M., D. Carpenter and S. Norup (2012b), *Evaluation of Long-term Development Co-operation between Laos and Sweden*, Swedish International Development Agency, Stockholm.

McGillivray, M., D. Carpenter and S. Norup (2012c), *Evaluation of Long-term Development Co-operation between Sri Lanka and Sweden*, Swedish International Development Agency, Stockholm.

McGillivray, M., D. Carpenter and A. Pankhurst (2012), *Long-term Development Co-operation with Laos, Sri Lanka and Vietnam: Synthesis*

of Evaluation Findings, Swedish International Development Agency, Stockholm.

McGillivray, M., D Carpenter, Phung Dac Tung, Chi Tran Thi Quynh and E. Aure (2016), *Evaluation of Long-run Development Co-operation Between the UK and Vietnam*, United Kingdom Department for International Development, London.

McGillivray, M. and S. Feeny (2009), "Aid Allocation to Fragile States: Absorptive Capacity Constraints", *Journal of International Development*, 21(5): 618-633.

McGillivray, M. and O. Morrissey (2001) "Aid Illusion and Public Sector Fiscal Behaviour", *Journal of Development Studies*, 37(6): 118-136.

McKay, A., O. Morrissey and C. Vaillant (1999), "Aggregate Agricultural Supply Response in Tanzania", *Journal of International Trade and Economic Development*, 8:1, 107-123.

MFA (2013), Results Strategy for Sweden's International Development Co-operation in Tanzania 2013-2019, Ministry of Foreign Affairs, Stockholm.

Molenaers, N., A. Gagiano, L. Smets, S. Dellepiane (2015), "What Determines the Suspension of Budget Support?", World Development, 75: 62-73.

Morrissey, O. (1995), "Political Commitment, Institutional Capacity and Tax Policy Reform in Tanzania", *World Development*, 23 (4): 637-649.

Morrissey, O. and V. Leyaro (2009), "Distortions to Agricultural Incentives in Tanzania", in K. Anderson and W. Masters (eds.), *Distortions to Agricultural Incentives in Africa*, World Bank, Washington DC, chapter 11, pp. 307-328.

Nilsson, M (2004), *Effects of Budget Support – A Discussion of Early Evidence*, UTV Working Paper, 2004:4, Stockholm: SIDA.

Noppen, D. (2014), Evaluation of Sida's Financial Interventions for Increased Access to Electricity for Poor People, Sida Evaluation 2014:1.

Odén, B. (2016), "The Rise and Fall of the Paris Agenda in Tanzania: A Study in Trust and Mistrust" in M. Stahl (editor), *Looking Back, Looking Ahead: Land, Agriculture and Society in East Africa*, The Nordic Africa Institute, Uppsala.

OECD (2005), The Paris Declaration on Aid Effectiveness, OECD, Paris.

OECD (2010), Glossary of Key Terms in Evaluation and Results Based Management, OECD-DAC, Paris.

OECD (2015a), International Development Statistics On-line Database, OECD, Paris.

OECD (2015b), Technical Guide to Terms and Data in the Creditor Reporting System (CRS) Aid Activities Database, OECD, Paris.

OECD (2015c), Purpose Codes: Sector Classification, OECD, Paris.

OECD (2015d), The List of CRS Purpose Codes, OECD, Paris.

OECD (2016), Official Development Assistance – Definition and Coverage. OECD, Paris

Rautanen, S.L., O. Seppala., and T. Skytta (2006), *Health Through Sanitation and Water Programme (HESAWA)*, Tanzania, Ex-Post Evaluation Study, Sida Evaluation 06/36.

Sale, J.M., L.H. Lohfeld and K. Brazil, (2002), "Revisiting the Quantitative-Qualitative Debate: Implications for Mixed Methods Research", *Quality and Quantity*, 36: 43-5.

Selbervik, H. with K. Nygaard (2006), "Nordic Exceptionalism in Development Assistance? Aid Policies and the Major Donors", *CMI Report, R 2006:8*, Christian Michelsen Institute, Bergin.

Sida (2000), Result Analysis for the Development Co-operation between Sweden and Tanzania 1997-2000, Sida, Stockholm.

Sida (2010), Joint Country Strategy Evaluation of the Strategy for Swedish Development Co-operation with Tanzania, Sida, Stockholm.

Sida (2014), Tracing research capacities in Tanzania. A study of Tanzanian PhD holders trained within the Tanzania-Sweden Research Co-operation, Sida, Stockholm.

Skarstein, R., and S. Wangwe (1986), *Industrial Development in Tanzania: Some Critical Issues*, Tanzania Publishing House, Dar es Salaam.

Szirmai, A., and P. Lapperre (2001), *The Industrial Experience of Tanzania*, Palgrave Macmillan, Basingstoke.

Thiam, I.D. and J Mulira (1999), "Africa and the Socialist Countries", Chapter 27 in A.A. Mazrui (editor), *Africa Since 1935*, Volume 8, University of California Press, Oakland.

Thorkildsen, O. (1988), *Watering White Elephants?*, Nordic Africa Institute, Uppsala.

Weeks, J. (2002), Supporting Ownership: Swedish Development Co-operation with Kenya, Tanzania and Uganda, Vol II, Country Studies, SIDA Evaluation 02/33:1.

World Bank (1994), Tanzania Agriculture: A Joint Study by the Government of Tanzania and the World Bank, A World Bank Country Study, World Bank, Washington DC,.

World Bank (1996), *Tanzania, the Challenge of Reforms: Growth, Incomes, and Welfare*, Vol. 1: Main Report, Country Operations Division, World Bank, Washington, DC.

World Bank (2000), *Agriculture in Tanzania Since 1986: Follower or Leader of Growth?* Washington, DC: Government of Tanzania, World Bank and International Food Policy Research Institute

World Bank (2001), Tanzania at the Turn of the Century: From Reforms to Sustained Growth and Poverty Reduction, Government of Tanzania and World Bank, Washington, DC.

World Bank (2007), Tanzania: Sustaining and Sharing Economic Growth. Country Economic Memorandum and Poverty Assessment, World Bank, Washington DC.

World Bank (2012), Access to Electricity (% population), World Bank Database: http://data.worldbank.org/indicator/EG.ELC.ACCS.ZS.

World Bank (2015a), *Poverty and Equity Database*, World Bank, Washington DC.

World Bank (2015b), *World Development Indicators*, World Bank, Washington DC.

World Bank (2015c). Country Policy and Institutional Assessment (CPIA) Africa: Assessing Africa's policies and institutions (includes Djibouti and Yemen), World Bank, Washington, DC.

World Bank (2015d), *Tanzania Mainland Poverty Assessment*, World Bank, Washington DC.

Previous EBA-reports

2016:09, Exploring donorship-Internal factors in Swedish aid to Uganda Stein-Erik Kruse

2016:08, Sustaining a development policy: results and responsibility for the Swedish policy for global development Måns Fellesson, Lisa Román

2016:07, Towards an Alternative Development Management Paradigm? Cathy Shutt

2016:06, Vem beslutar om svenska biståndsmedel? En översikt, Expertgruppen för biståndsanalys

2016:05, Pathways to change: Evaluating development interventions with Qualitative Comparative Analysis (QCA), Barbara Befani

2016:04, Swedish responsibility and the United Nations Sustainable Development Goals, Magdalena Bexell, Kristina Jönsson

2016:03, Capturing complexity and context: evaluating aid to education
Joel Samoff, Jane Leer, Michelle Reddy

2016:02, Education in developing countries what policies and programmes affect learning and time in school? Amy Damon, Paul Glewwe, Suzanne Wisniewski, Bixuan Sun

2016:01, Support to regional cooperation and integration in Africa – what works and why? Fredrik Söderbaum, Therese Brolin

2015:09, In search of double dividends from climate change interventions evidence from forest conservation and household energy transitions G. Köhlin, S.K. Pattanayak, E. Sills, E. Mattsson, M. Ostwald, A. Salas, and D. Ternald

2015:08, Business and human rights in development cooperation – has Sweden incorporated the UN guiding principles? Rasmus Klocker Larsen, Sandra Atler

2015:07, Making development work: the quality of government approach, Bo Rothstein and Marcus Tannenberg

2015:06, Now open for business: joint development initiatives between the private and public sectors in development cooperation, Sara Johansson de Silva, Ari Kokko and Hanna Norberg

2015:05, Has Sweden injected realism into public financial management reforms in partner countries? Matt Andrews

2015:04, Youth, entrepreneurship and development, Kjetil Bjorvatn

2015:03, Concentration difficulties? An analysis of Swedish aid proliferation, Rune Jansen Hagen

2015:02, Utvärdering av svenskt bistånd – en kartläggning, Expertgruppen för biståndsanalys

2015:01, Rethinking Civil Society and Support for Democracy, Richard Youngs

2014:05, Svenskt statligt internationellt bistånd i Sverige: en översikt, Expertgruppen för biståndsanalys

2014:04, The African Development Bank: ready to face the challenges of a changing Africa? Christopher Humphrey

2014:03, International party assistance – what do we know about the effects? Lars Svåsand

2014:02, Sweden´s development assistance for health – policy options to support the global health 2035 goals, Gavin Yamey, Helen Saxenian, Robert Hecht, Jesper Sundewall and Dean Jamison

2014:01, Randomized controlled trials: strengths, weaknesses and policy relevance, Anders Olofsgård