2012:4

Joint Evaluation

Charlotte Vaillant
Imran Ahmed
Deborah Mansfield
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Joint Evaluation of Support to Anti-Corruption Efforts
Tanzania Country Report

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Tanzania Country Report

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Joint Evaluation of Support to Anti-Corruption Efforts

Tanzania Country Report

June 2011

Submitted by
ITAD
in association with
LDP

Preface

Donor agencies have increasingly included the fight against corruption in their overall governance agenda. In preparation for this evaluation, a literature review[1] was undertaken which showed that our support for anti-corruption work has sometimes had disappointing results.

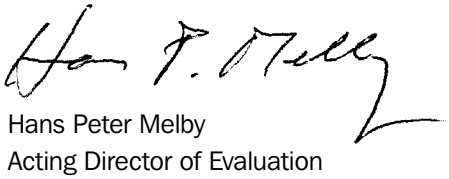
Has the donors' approach to anti-corruption work been adapted to circumstances in the countries? What are the results of support for combating different types of corruption, including forms that affect poor people and women in particular? These were some of the overarching questions that this evaluation sought to answer.

The evaluation provides insights for the debate, drawing on recent evidence from five countries. The main conclusions and recommendations are presented in the synthesis report. In addition, separate reports have been prepared for each of the case countries Bangladesh, Nicaragua, Tanzania, Viet Nam and Zambia.

The evaluation was managed by the Evaluation Department of the Norwegian Agency for Development Cooperation (Norad) and commissioned by this agency together with the Asian Development Bank (ADB), the Danish International Development Assistance (Danida), the Swedish Agency for Development Evaluation (SADEV), the Swedish International Development Co-operation Agency (Sida) and the UK Department for International Development (DFID).

The evaluation was carried out by consultants lead by the consultancy company ITAD. This company is responsible for the content of the reports, including the findings, conclusions and recommendations.

September, 2011



Hans Peter Melby
Acting Director of Evaluation

1 Anti-Corruption Approaches. A Literature Review. Study 2/2008. www.norad.no/evaluering

Acknowledgements

The evaluation team would like to thank the many people who contributed their time and insights to this evaluation. They include headquarters and country office staff of the four commissioning donors present in Tanzania, government officials, representatives of donor agencies and civil society organisations. Special thanks are due to the staff of the Swedish Embassy in Dar es Salaam for assisting with the arrangements for the evaluation visit. The evaluation represents the combined effort of a team including consultants who participated in the country visit and support staff at ITAD and LDP.

Full responsibility for the text of this report rests with the authors. We have attempted to record and interpret the information from various sources up to our best capacity and without any bias within the constraints arising from the arrangements for the country visits. The views contained in this report do not necessarily represent those of the commissioning donors or of the people consulted.

Contents

List of tables

List of figures

List of boxes

List of abbreviations and acronyms

AC	Anti-Corruption
AFROSAI-E	African Organisation of English-speaking Supreme Audit Institutions
BEST	Business Environment Strengthening in Tanzania
CAP	Country Assistance Programme
CAS	Country Assistance Strategy
C&AG	Controller and Auditor General
CIDA	Canadian International Development Agency
CPI	Corruption Perceptions Index
CSO	Civil Society Organisation
Danida	Danish International Development Assistance
DEX	Direct Execution
DFID	UK Department for International Development
DPP	Director of Public Prosecutions
EC	European Commission
EPA	External Payment Arrears
EU	European Union
FCS	Foundation for Civil Society
GBS	General Budget Support
GGCU	Good Governance Coordination Unit
GoT	Government of Tanzania
IFC	International Finance Cooperation (World Bank Group)
JAST	Joint Assistance Strategy for Tanzania
JET	Journalists' Environmental Association
LDP	The Law & Development Partnership
LEAT	Lawyers' Environmental Action Team
LGRP	Local Government Reform Programme
LHRC	Legal and Human Rights Commission
LSRP	Legal Sector Reform Programme
M&E	Monitoring and Evaluation
MCC	Millennium Challenge Corporation
MDAs	Ministries, departments and agencies
MNRP	Management of Natural Resources Programme
MoFEA	Ministry of Finance and Economic Affairs
MP	Member of Parliament
MTS	Medium Term Strategy
NAO	National Audit Office
NACSAP	National Anti-Corruption Strategy and Action Plan
NEX	National Execution

NGO	Non-Governmental Organisation
NOLA	National Organisation for Legal Assistance
Norad	Norwegian Agency for Development Cooperation
PAC	Public Accounts Committee
PAF	Performance Assessment Framework
PCCB	Prevention and Combating of Corruption Bureau
PEFAR	Public Expenditure and Financial Accountability Review
PETS	Public Expenditure Tracking Survey
PFM	Public Financial Management
PFMRP	Public Financial Management Reform Programme
PPAA	Public Procurement Appeals Authority
PRS	Poverty Reduction Strategy
PSRP	Public Service Reform Programme
REDET	Research and Education for Democracy in Tanzania
REPOA	Research on Poverty Alleviation
SADEV	Swedish Agency for Development Evaluation
Sida	Swedish International Development Agency
TA	Technical Assistance
TCP	Tackling Corruption Project
ToR	Terms of Reference
TRA	Tanzania Revenue Authority
UNCAC	United Nations Convention against Corruption
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
WBI	World Bank Institute

Executive Summary

Executive summary

Introduction

S1 This evaluation is concerned with support to Anti-Corruption (AC)-related programmes in Tanzania over the period 2002-10 by Denmark, Norway, Sweden and the United Kingdom (UK). It was produced on the basis of a documentation review, interviews with stakeholders at the headquarters of the donors and an evaluation mission to Tanzania from 10 to 25 January and from 8 to 17 February 2010. The work is based on a review of projects supported by the commissioning donors and interviews with key stakeholders in Dar es Salaam and outside.

S2 Table 2.1 in the main report summarises the projects that were reviewed. Details of methodology specific to the Tanzania visit are set out in Chapter 2, with supporting material in Annexes.

The context in Tanzania

S3 International assessment of corruption in Tanzania improved over most of the evaluation period but from 2006-07 this trend was reversed. Initial improvements arose partly from successes in the government's fight against petty corruption. Subsequent deterioration was linked to well-publicised cases of high-profile grand corruption, some allegedly politically motivated.

S4 While key AC legislation, policies and institutions are in place, enforcement remains weak, with still no successful completed prosecutions of grand corruption in Tanzania's history.[2]

Relevance of donor programmes

S5 Donor efforts have given emphasis to two areas: the prosecution of cases of grand corruption, which has been the focus of their dialogue with the Government of Tanzania (GoT); and on strengthening governance and public financial management (PFM) systems, which has been the focus of their funding. Despite the centrality of poverty reduction to donors' missions over the period, commissioning donors have generally paid limited direct attention to the issue of petty corruption and the impact this may have on poor people, and especially on marginalised sections of society including women.

S6 Commissioning donor programmes lack an anti-corruption focus in some key areas such as legal sector reform. Multi-donor supported governance/civil service

2 In May 2010, Amatus Luyimba, former Bank of Tanzania Director of Personnel and Administration, was convicted by Kisutu Resident Magistrates Court of abuse of office and sentenced to 2 years imprisonment. He has lodged an appeal against his conviction.

reform programmes have focused on general governance and systems improvements, with little anti-corruption analytical underpinning. Donors have increasingly provided targeted capacity building support to key institutions such as the Prevention and Combating of Corruption Bureau (PCCB), National Audit Office (NAO), and Director of Public Prosecutions (DPP). Support to oversight institutions has been particularly relevant.

S7 The GoT's National Anti-Corruption Strategy and Action Plan (NACSAP) has provided the broad framework for donor AC efforts, but implementation of Phase II has not attracted direct donor support or funding. All donors have provided support to strengthen accountability through the media and civil society.

S8 All donors have more explicitly addressed corruption over the evaluation period in response to prominent grand corruption scandals, the growing media and public interest in corruption, and emerging surveys and other evidence. Both Norway and Sweden developed their AC strategies with explicit reference to United Nations Convention against Corruption (UNCAC). But, except in the broadest sense, there has been limited direct linkage of donor AC efforts in Tanzania with the UNCAC.

S9 General budget support (GBS) has proved to be an instrument that is responsive to the country context and to lessons learned in tackling corruption. The approach of GBS donors to corruption has changed over time, with the fight against corruption currently addressed more specifically in the partnership memorandum than at first.

S10 Donor strategy to tackle grand corruption and work through improved governance and PFM was relevant to country circumstances. But to some extent, movement towards joint assistance has left donors more fragmented and less well coordinated over anti-corruption programming. The move towards basket funding modalities and the use of government systems, acted to distance donors from close contact with institutions.

Donor ways of working

S11 The key mechanism for donor coordination and alignment has been through general budget suppport, enabling donors to have leverage on pressing for prosecution of grand corruption and PFM reform. Neither NACSAP nor the Anti-corruption Network has provided an effective coordinating mechanism for donor anti-corruption programme support.

S12 There is evidence that some multi-donor basket funds managed by the GoT supporting governance/PFM reform have been the subject of misuse.[3] In response, donors have micro-managed fund operation and, or restricted funding. Basket funds managed by the United Nations Development Programme (UNDP) have also been problematic and perceived as non-transparent by the bilateral donors. Donors have responded by seeking to deal directly with recipients of funds.

3 Whilst misuse of funds is not necessarily evidence of corruption as implied in the definition used in this study (*the abuse of entrusted authority for illicit gain*) donors are inevitably concerned that there may be a link. As a result, the risk of misuse of donor funds is highlighted as a concern for this evaluation in the Inception Report (para 3.8) and the design framework for this evaluation.

S13 Despite arrangements for monitoring under the national poverty reduction strategy 'Mkukuta', national data on levels of corruption in Tanzania is sparse, incomplete and irregular. Potential sources of useful information such as the Controller and Auditor General (C&AG) audit reports are underused. Dialogue arising from general budget support (GBS) has allowed corruption-related issues from sector level working groups to be raised in high-level policy dialogue for the first time.

S14 Monitoring and Evaluation (M&E) has centred on the Performance Assessment Framework (PAF) for GBS, which contains specific anti-corruption indicators. Dialogue and PAF actions have mainly focused on preventing and prosecuting grand corruption, and on strengthening PFM systems. There has been little attention paid to petty corruption and there are no anti-corruption indicators that specifically take gender into account or are directly related to the effects of corruption on poverty. The dialogue also is not yet effective at including civil society. Most PAF anti-corruption indicators are process actions, related to implementation and monitoring of anti-corruption plans and developing government structures and processes to fight corruption. Data quality has also been low.

Effectiveness

S15 Donor support directly to the PCCB has been useful, but more work is needed to develop a shared understanding of the needs of the Bureau so that donors can provide appropriate support in technical expertise and knowledge. This has begun with DFID's Tackling Corruption Project (TCP).

S16 There has been more success in capacity building of some institutions. Significant gains have been made in the performance of Parliamentary Oversight Committees (POCs) and the NAO, with strengthened legislative frameworks, mandates and leadership. Domestic events have been critical to success, and donors have supported the process.

S17 Civil society and the media have played an important role in holding the government to account, not only in grand corruption cases, but increasingly at the local level. Examples have been found where civil society organisations (CSOs) have monitored primary education programmes, supported investigative journalism and brought public interest cases to support accountability and transparency. Donor support has been valuable but the dependency of CSOs on donor funding, together with a tendency for an urban bias, are issues of concern for accountability and sustainability.

S18 The long running Legal Sector Reform Programme (LSRP) is now seen to be central to Tanzania's fight against corruption, but it has achieved little. A clear focus on anti-corruption was never a part of the programme. But plans within the LSRP, for example, to improve case-load management, train the judiciary, strengthen investigation and prosecution and support the work of the Ethics Secretariat, are central to anti-corruption. Like most of the other governance programmes, implementation has largely been disappointing. Corruption within the judiciary remains a key issue.

S19 Support for the aid modality of GBS has had a positive influence on anti-corruption in a number of ways: by increasing the emphasis on improved PFM; providing a high-level forum for policy dialogue on corruption; and a framework for anti-corruption monitoring through the PAF.

S20 GBS has been an effective mechanism for coordinating joint donor action on corruption, signalling key issues related to corruption and acting as a forum for dialogue. The use of GBS as a lever has commanded the government's attention, owing to the high proportion of GoT budget that it represents. But independent evaluation concludes that GBS dialogue has had modest influence and been most helpful mainly where there exists high-level political will to implement anti-corruption actions.

Conclusions

S21 Donors have responded to the increase in concern about corruption over the evaluation period by developing programmes with a more explicit anti-corruption focus and by using a variety of strategies including: GBS dialogue; direct support to key institutions engaged in the prevention of corruption and in the fight against corruption; and a re-focusing of support to civil society.

S22 Mapping of donor programmes in Tanzania against UNCAC themes reveals their broad coverage and potential relevance to UNCAC but also reveals some significant gaps: a failure to address the issue of corruption in programmes in support of elections and the private sector; a lack of a strong explicit anti-corruption focus in governance reform programmes; a failure to deal early on with perceived high levels of corruption within certain key institutions; a lack of linkage between a focus on the prosecution of grand corruption and support to the legal sector; and a limited focus on corruption as it affects the poor and women.

S23 GBS has been the key platform for GBS-donors to engage with the GoT on corruption and has provided a high-level framework for dialogue and M&E. But below that, donor anti-corruption initiatives have tended to be fragmented and lack coherence. The Anti-corruption Network has not attracted strong, consistent donor participation perhaps owing to the lack of joint funding attached to it. The implementation of NACSAP is hampered by the lack of clearly-defined coordination roles and lack of capacity in monitoring. Despite its weaknesses, however, NACSAP can make a significant contribution to long-term sustainable AC measures in Tanzania.

S24 In terms of process, overall donor efforts in relation to corruption in Tanzania have been broadly successful in M&E and promoting a culture of openness, ethics and transparency. It is less clear whether donor efforts have been effective in terms of impact on corruption. Some donor initiatives may have been counter-productive in that they have themselves led to increased opportunities for the misuse of funds.

S25 Donors have played their part in keeping corruption on the political and public agenda. But they have been criticised in some quarters for not driving the anti-cor-

ruption agenda as hard as they could have done, and being too 'benevolent' towards the GoT.[4]

Lessons

- **Data:** There is a need for better data on corruption.
- **GBS:** The political economy context is largely outside donor influence but, nevertheless, donors can find success through identifying and capitalising on a conducive environment as and when it emerges. GBS dialogue can be most effective when used in this way.
- **AC institutions:** Well-targeted and demand-driven technical assistance to key institutions in the fight against corruption can help. Support to the horizontal linkages between anti-corruption institutions can also be effective.
- **The demand side:** Strengthening the demand side of transparency and accountability has been important.

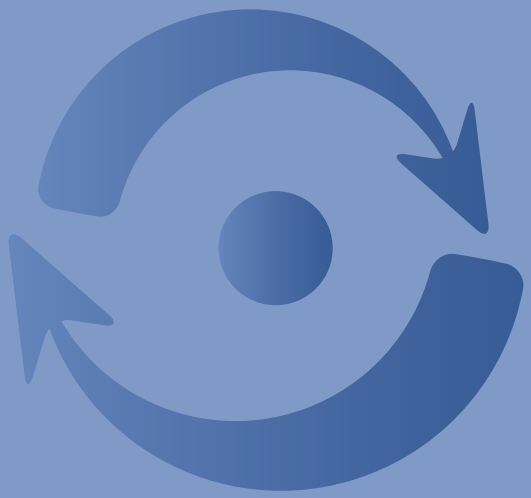
Recommendations

- Engage with the ongoing process to develop an M&E framework for NACSAP to ensure that it is holistic, robust and linked with international anti-corruption efforts and GoT governance reform programmes.
- Support the M&E of NACSAP and the development of monitoring tools, including disaggregation of data on the basis of gender and socio-economic status.
- Strengthen and support NACSAP and the Anti-corruption Network and address issues around the roles and capacity of UNDP.
- Address weaknesses in the anti-corruption legislative framework, in particular where appointment and reporting lines run directly to the President, rather than to Parliament that is more directly accountable to the electorate and increasingly able to hold the executive to account.
- Support reform of the political party funding system.
- Strengthen donors' leverage on anti-corruption through GBS by developing more robust and predictable linkages between GBS and the GoT's anti-corruption efforts, perhaps through a joint donor variable 'accountability tranche' of GBS linked to NACSAP outcomes and actions (following the development of the NACSAP M&E framework), and explicitly and predictably linking increase in percentage of aid provided by way of GBS to improved Public Expenditure and Financial Accountability Review (PEFAR) scores.
- Mainstream anti-corruption in governance reform programmes; focus more explicitly on petty corruption; conduct greater analysis of people's experience of corruption at the local level and use it to help determine how and where to respond or intervene; learn from international experience on measures that can succeed in reducing petty corruption.
- Reduce the potential for misuse in management of basket funds.
- Re-examine legal reform in Tanzania and ensure the foundations are in place for successful reform, before putting more money into the system.
- Continue to provide core funding to CSOs while taking care in choice of modality to balance the desire to maximise benefits to the CSO, such as increased independence and reduced operating costs with the need to safeguard donor funds.

4 Hussman, K. and Mmuya, M. 2007. *Anti-corruption Policy Making in Practice: Tanzania-A Country Case Study*. U4.

Ensure that support to civil society and media promote greater accountability at local level in addition to in the major towns and cities. Provide more support to CSOs to monitor the GoT's governance reform programmes.

Main Report



1. Introduction

Background

1.1. Corruption undermines democratic values and institutions, weakens efforts to promote gender equality, and hampers economic and social development. In recent years, donor agencies have increasingly made the fight against corruption part of their larger governance agenda.

1.2. Five development partners: the Asian Development Bank, the Danish International Development Assistance (Danida), the Swedish International Development Cooperation Agency (Sida), the UK Department for International Development (DFID), and the Norwegian Agency for Development Cooperation (Norad, lead agency), together with the Swedish Agency for Development Evaluation (SADEV) have commissioned a joint evaluation of anti-corruption (AC) efforts over the period 2002-09.

1.3. The evaluation took place during 2009 and 2010, with case study fieldwork in Bangladesh, Nicaragua, Tanzania, Viet Nam and Zambia.

1.4. The commissioning donors have paid considerable attention to AC in their development cooperation in recent years. Levels of corruption remain high in many countries, however, and there is a wish to find out how support in this area can become more effective. The primary audience for the evaluation is the agencies commissioning the work. Secondary audiences include interested parties in the case countries (national authorities, civil society and others), other countries and donor organisations. The purpose and objectives of the evaluation are presented in Box 1.1.

Box 1.1: Purpose and objectives of the evaluation

Purpose of the evaluation
The purpose is to obtain knowledge regarding the relevance and effectiveness of support to reduce corruption, both through specific AC efforts and in other programmes – in order to identify lessons learned regarding what kind of donor support may work (for poor people and women in particular), what is less likely to work and what may harm national efforts against corruption.

Objectives
The objectives are to obtain descriptive and analytic information related to actual results of the support provided by the five commissioning donors, both overall and for each of them in each of the selected countries, regarding:

- corruption diagnostic work (highlighting, where relevant, information disaggregated by gender)
- underlying theory, AC Strategy and expected results of their support to reduce corruption
- the implementation of support to specific AC interventions and achieved results
- other donor interventions or behaviour relevant for corruption and AC efforts, and achieved results in terms of corruption
- the extent of coherence of AC practice between specific AC activities and other programs, for individual donors
- the extent of coherence of AC practice within the donor group
- the extent that gender and other forms of social exclusion have been taken into account in donor interventions.

The report

S1 This evaluation is concerned with support to Anti-Corruption (AC)-related programmes over the period 2002-10 by Denmark, Norway, Sweden and the United Kingdom (UK). It was produced on the basis of a documentation review, interviews with stakeholders at the headquarters of the donors and an evaluation mission to Tanzania from 10 to 25 January and from 8 to 17 February 2010. The mission team comprised Deborah Mansfield (team leader), Imran Ahmad, Ann Bartholomew, Isaac Kiwango and Charlotte Vaillant.[5]

Methodology

1.5. Reference to full details of the methodology can be found in the Synthesis Report. The approach to the country evaluations was based on a review of available secondary data, including evaluation reports and extensive interviews with a range of stakeholders, including donor country staff (past and present), government officials, non-governmental organisations (NGOs), and consultants. Sweden facilitated arrangements for the country visit. The country evaluation is thus neither a primary evaluation in which original data are collected, nor a 'meta-evaluation' (in which findings from primary evaluation studies are synthesised). A list of persons consulted is given in Annex 3 and of documents in Annex 4.

5 Clare Manuel contributed to the research and report writing.

Limitations

1.6. Despite best efforts (including a return visit for one team member and post-visit follow up by the team leader and Swedish Embassy), the team's ability to meet with the Government of Tanzania (GoT) was limited by situational factors. In particular, interviews or answers to submitted questions were not secured with the Ministry of Finance and Economic Affairs (MoFEA) and the Controller and Auditor General (C&AG).

Report structure

1.7. The report is structured as follows: Chapter 2 describes the methodology and analytical framework used. Chapter 3 looks at the country context for Tanzania over the period. We review the relevance of donor AC programmes in Chapter 4, examining programmes against the UNCAC framework, national priorities and donor policies. The contribution of these interventions to broader strategy objectives and key policy themes are also addressed where sufficient evidence is available. Chapter 5 looks at how donors have managed their programmes with specific reference to: use of donor funds, coordination and dialogue, and M&E. We review the effectiveness of selected programmes in Chapter 6 and general budget support (GBS) in Chapter 7 in tackling corruption. Chapter 8 draws out conclusions followed by lessons in Chapter 9 and some recommendations to commissioning donors in Chapter 10.

2. Methodology and analytical framework

Methodology

Approach

2.1. The methodology and approach to this evaluation are set out in detail in the Inception Report.[6] The approach is characterised by:

- The use of an evaluation framework to set out the questions to be answered
- mapping of projects against the categories used by the UN Convention against Corruption (UNCAC)
- analysis of projects to understand their intervention logic and evidence of effectiveness
- data collection tools for document review and interviews with key informants.

2.2. The definition of corruption used in this evaluation is *"the abuse of entrusted authority for illicit gain"*. The questions in the terms of reference (ToR) have been rationalised and simplified into an evaluation framework that is reproduced at Annex 1. This provides a working structure for all analysis of documents and interviews with key respondents. In accordance with the requirements of the ToR, the framework deals only with the evaluation criteria of **relevance** and **effectiveness**.

2.3. We use the categories in UNCAC as an organising framework for the range of projects supported by commissioning donors, enabling us to understand the coverage of the projects and identify significant gaps in AC efforts. Individual donor projects and programmes are the units of study.[7] To investigate their relevance and effectiveness, we have examined the intervention logic of each using document review and discussion with informants.

2.4. We describe our method of selecting and reviewing projects as a 'table-top approach'. This means we have made a broad but 'thin' or 'light' evaluation of all donor programmes in each country (the 'table top'), and then chosen major programmes or sectors to examine at greater depth (the 'table legs').

2.5. Progress was made towards our 'table top' evaluation prior to the country visit with: (a) a contextual analysis (Annex 6), and (b) a review of all donor programmes. These were updated during the visit itself as more details became available. In accordance with the ToR, one other sector not dealing specifically with AC is

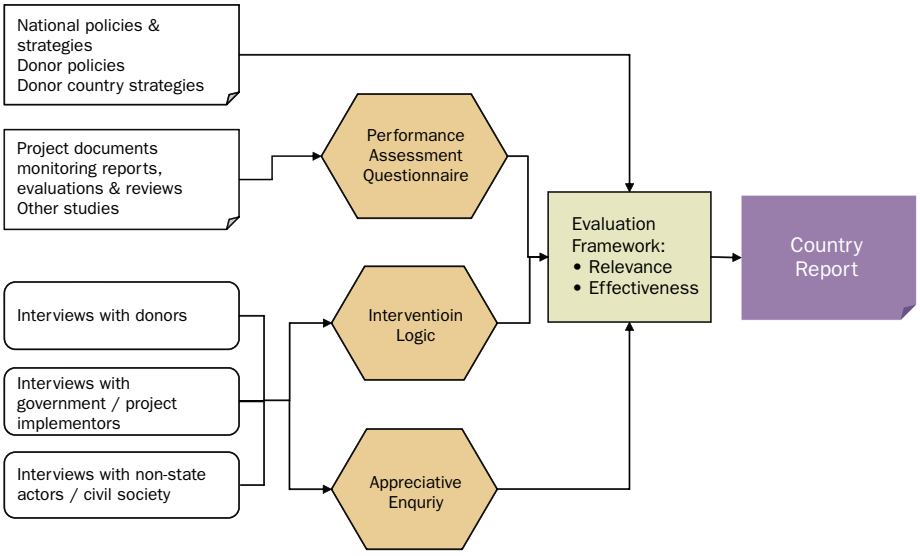
6 ITAD in association with LDP. 2009.
7 For simplicity, the words 'project' and 'programme' are used interchangeably in this report. 'Project' is used as the default term for donor-supported interventions.

included for analysis in each country. After discussion with the commissioning donors, **GBS** was chosen for Tanzania.

Data collection tools

2.6. A number of conventional data collection tools were adapted for the specific requirements of this evaluation. First is the programme **performance assessment questionnaire**. This is a document review questionnaire that examines the logic and consistency of the project design, the nature of indicators and monitoring and evaluation (M&E). Results are cross-checked during interviews before the findings are finalised. An example of a completed form is at Annex 1. Next, are interview **topic lists**. These are used to ensure that interviews with respondents follow the issues as set out in the evaluation framework and are structured consistently by all members of the evaluation team (Annex 1). Figure 2.1 illustrates how these tools combine to support the country evaluation.

Figure 2.1: Joint external evaluation of anti-corruption – data collection flowchart



Application of the methodology in Tanzania

Donor mapping against UNCAC

2.7. Annex 5 contains a full presentation of project mapping. The projects were identified from three sources:

- scrutiny of donor websites and published lists of projects
- review of donor country strategy documents and, where available, progress reports against those strategies
- cross-checking with donor staff in Tanzania

2.8. Table 2.1 lists the final selection of projects and how they were allocated into the 'table top' or 'legs'. Allocation was based on review of the documentation and discussion with donor staff in the country. All major projects in the selected 'legs' were reviewed. Some smaller ones, or ones with little documentation available, or the 'older phases' in multi-phase projects, or where the project was supplementary

to a larger project, were generally not reviewed in detail. For jointly-funded or jointly-supported organisations, documentation from only one of the donors was used.

Table 2.1: Selection of projects for study

Themes	UNCAC	Table top	Table legs
1) Establishing AC policy and practices; and institutions	Articles 5 and 6 and Article 36	Prevention and Combating of Corruption Bureau (PCCB) **Norway** Support to National Anti Corruption Strategy and Action Plan (NACSAP) **UK** Tackling Corruption Project (TCP) (2008-12) **Norway** Support to PCCB (2008) **Denmark** PCCB's National Governance and Corruption Survey (2007-08) **Norway** Support to UNCAC participation	Prevention and Combating of Corruption Bureau (PCCB) **Norway** Support to NACSAP **UK** TCP (2008-12) **Norway** Support to PCCB (2008)
2) Dealing with corruption in the public sector	Civil service reforms (Article 7)	**Denmark, Sweden and UK** Business Environment Strengthening for Tanzania (BEST) (2003-13) **Denmark and Sweden** Legal Sector Reform Programme (LSRP) (2006–ongoing)[7] **Denmark, Norway and Sweden** Local Government Reform Programme (LGRP) Phases I (2002-05) and II (2005-08) **Denmark and UK** Public Service Reform Programme (PSRP) (2001-08) **UK** Selective Accelerated Salary Enhancement (2004-07) **UK** Performance Results and Accountability Programme (2008-12)	
	Procurement and public financial management (PFM) (Article 9)	**Denmark, Norway, Sweden and UK** Public Financial Management Reform Programme (PFMRP) (2002-08) **Denmark, Sweden and UK** Support to Tanzania Revenue Authority (TRA) (2003-08) **Sweden** National Audit Office (NAO) Development Programme Phases I (2004-07) and II (2008-11) **UK** Assistance to Parliament in oversight role	Public Oversight **Denmark, Norway, Sweden and UK** PFMRP (2002-08) **(**Components External Audit Services and Oversight function of Parliament**)** **Sweden** NAO Development Programme Phases I (2004-07) and II (2008-11)
	Public reporting (Article 10)		
3) Dealing with corruption in political processes	Code of conduct for elected public officials (Article 8)	Elections: **Denmark, Norway, Sweden and UK** Deepening Democracy Programme (2007-10) **Denmark, Norway, Sweden and UK** Support to 2005 Elections (2005-06)	

8 Sweden has ceased funding.

Themes	UNCAC	Table top	Table legs
4) Dealing with corruption in the private sector and financial institutions	Private sector and measures to prevent money-laundering (Articles 12 and 14)	**Sweden** Support to Tanzania Chamber of Commerce, Industry and Agriculture (1997-2007) **Denmark and UK** BEST (2003-13) **UK** Financial Sector Reform Programme (2007-11)	
5) Participation of society (DEMAND SIDE)	Article 13	**Norway and UK** Accountability in Tanzania (2008-2013) **Denmark** Research and Education for Democracy in Tanzania Project (REDET) (1992-2011) **Denmark and UK** Support to Foundation for Civil Society (FCS) (2000-08)[8] **UK** Support to NGO Policy Forum (2004-06) **Norway, Sweden and UK** Support to Haki Elimu (2008-11) **Denmark and Norway** Support to Media Council (2008-11) **Sweden** Support to Media Council (1997-2011) **UK and Denmark** Support to Tanzania Media Fund (2007-11) **Sweden and Norway** Legal and Human Rights Commission (LHRC) (2001-ongoing) **Denmark, Norway and Sweden** National Organisation for Legal Assistance (NOLA)	**Norway and UK** Accountability in Tanzania (2008-2013) **Denmark** REDET (1992-2011) **Denmark and UK** Support to FCS (2000-08)[9] **UK** Support to NGO Policy Forum (2004-06) **Norway, Sweden and UK** Support to Haki Elimu (2008-11) **Denmark and Norway** Support to Media Council (2008-11) **Sweden** Support to Media Council (1997-2011) **Denmark and UK** Support to Tanzania Media Fund (2007-2011)
6) Dealing with criminalisation and corruption in the judiciary and prosecution sectors	Measures relating to the judiciary and prosecution services and criminalisation (Article 11) Criminalisation (Articles	**Denmark, Sweden and Norway** Legal Reform Quick Start Project (2000-04) **Denmark and Sweden** LSRP (2006-ongoing)[10] **UK** TCP **Sweden and Norway** LHRC (2001-ongoing) **Denmark, Norway and Sweden** NOLA (2005-ongoing)	**Denmark, Sweden and Norway** Legal Reform Quick Start Project (2000-04) **Denmark and Sweden** LSRP (2006-ongoing)[11] **Sweden and Norway** LHRC (2001-ongoing) **Denmark, Norway and Sweden** NOLA (2005-ongoing)

9 Denmark has ceased funding.
10 Ibid.
11 Sweden has ceased funding.
12 Ibid.

Themes	UNCAC	Table top	Table legs
Non-AC sector: general budget support			During the period there have been two phases of GBS, first for the PRS 2000-04 and then Mkukuta, 2005-10. By 2009, there were 14 donors: African Development Bank, Canada, the European Union (EU), Denmark, Finland, Ireland, Japan, Germany, the Netherlands, Norway, Sweden, Switzerland, UK and the World Bank.

2.9. The 'legs' chosen in Tanzania were: the legal sector (chosen in order to gauge the importance of support of the sector to the fight against corruption), support to PCCB (as the key AC institution), participation of society (to assess support to non-public sector AC efforts) and support to public finance oversight institutions (chosen as a possible source for good success stories). The 'non-AC' sector chosen was GBS.

Conduct of the country visit

2.10. An inception visit to Dar es Salaam took place in early December 2009 to brief commissioning donors, verify the donor mapping and scope of programmes to be considered by the evaluation team, agree the in-depth themes ('table legs') of the country visit and to initiate the collection of documents. This enabled the majority of the documentation to be collected before the main country visit took place.

2.11. The main country visit took place in January 2010. A subsequent mission took place in February 2010, when consultations were held with CSOs, the Director General of the PCCB and his staff, including a field trip to Moshi, Kilimanjaro Region. The observations during the field visit were a valuable means of validating issues emerging from interviews in Dar es Salaam but, as the location visited was not selected on a randomised or representative basis, information from the field trip was used only to inform the evaluation and is not reported separately.

2.12. A formal feedback session was held on 25 January. An informal feedback session focused on support to the PCCB was held on 17 February 2010.

3. Country context

Summary of key points about country context

- Over most of the evaluation period Tanzania's corruption scores improved, both in absolute and relative terms. But from 2006-07 this trend was reversed.
- Initial improvements are possibly due in part to successes in the GoT's fight against petty corruption.
- Subsequent worsening scores appear linked to well-publicised cases of high-profile grand corruption, some allegedly politically motivated with reports of stolen funds being used to finance the governing party's election campaign.
- There appears to be a strong nexus between business, politics and grand corruption.
- It has been reported that, in certain years, more than 20% of Tanzania's budget was lost to corruption.
- Key AC legislation, policies and institutions are in place, but enforcement remains weak.

Introduction

3.1. This Chapter begins with an assessment of the incidence of corruption in Tanzania over the evaluation period. It reviews government policies and actions to tackle corruption, and considers the growing role of civil society in engaging with the issue. A fuller consideration of country context can be found at Annex 6.

Incidence of corruption

3.2. Tanzania suffers from a high level of corruption, with reportedly at least an estimated 20% of the government's budget being lost to corruption in some years during the evaluation period.[13]

- Tanzania's Transparency International's Corruption Perceptions Index (CPI)[14] score improved between 1998 and 2007, both in absolute and relative terms from 1.9 to 3.2 (out of a maximum score of 10 indicating *no corruption*). But by 2009 Tanzania's score was back to 2003 levels. It has consistently scored and ranked below the average for the Africa region over the period.[15]
- Tanzania currently ranks as the second least corrupt country in East Africa on Transparency International's CPI and Transparency International-Kenya's East Africa Bribery Index. However, Tanzania's score on the Index (corruption preva-

13 Chêne, M. 2009. *Overview of Corruption in Tanzania.* U4. (estimate from Tanzania's Auditor General); *Global Integrity Report 2006* http://back.globalintegrity.org/reports/2006/tanzania/index.cfm; US State Department. 2006. *Country Report on Human Rights Practices.* www.state.gov/g/drl/rls/hrrpt/2006/78761.htm; The Citizen. 10 July 2009. *Tanzania: Over 30 Percent of Budget Eaten by Corrupt Officials, Says President*. Reporting a speech made by President Kikwete on the opening of PCCB's new offices. http://allafrica.com/stories/200907100964.html

14 CPI and WBI scores are derived from surveys or assessments from a number of data sources including for example, the Africa Development Bank and Economist Intelligence Unit.

15 Cooksey, B. 2007a. *Trends in Corruption Control in Tanzania: Why Perceptions Matter.* Paper presented to the Annual Research Workshop of the Norwegian Development Research Association, CMI Bergen. Nov 5-7, 2007.

lence) has risen from 17% in 2009[16] to 28.6% in 2010. Perceptions data from the same survey also paint a gloomy picture with a total of 85% of the respondents feeling that Tanzania is either *corrup*t or *extremely corrupt*, with a larger percentage (45.6%) feeling that it is *extremely corrupt*.[17] In addition, two of its institutions, the police and the judiciary, appear in the top 10 most corruption institutions in East Africa.[18]

- The World Bank Institute's (WBI) Global Governance Indicators[19] in relation to Control of Corruption similarly show an improvement for Tanzania from 1996-2006/07.[20] But from 2006/07, Tanzania's absolute scores and relative international ranking worsened.[21]
- In 2004 and 2005, Tanzania failed to meet the Millennium Challenge Corporation (MCC) performance criteria to participate in the Millennium Challenge Account. But by November 2005, Tanzania had reached the median score on corruption control.[22]

3.3. Donor assessments of fiduciary risk and of corruption, although positive in the first half of the evaluation period,[23] became increasingly negative in the second half of the period. DFID's Fiduciary Risk Assessment of 2008 concludes that the risk of corruption (i.e. likelihood of corruption occurring) in Tanzania is *substantial* in mainland Tanzania and *substantial to high* in Zanzibar.

3.4. Administrative corruption was perceived to have declined in the early part of the evaluation period[24] and, particularly in rural areas, there was a perception in 2007 that the GoT's corruption control efforts were bearing fruit (see Table 3.1). It has been suggested that initial improvements in Tanzania's WBI scores may have been driven by a decline in petty corruption. It is argued that the data sources used to create the composite index used by WBI during this period were skewed towards petty, rather than political, or grand corruption.[25]

Table 3.1: Perceptions of Government of Tanzania's fight against corruption

'How would you assess the current government's actions in the fight against corruption?'				
n=5,000	**Dar es Salaam %**	**Other towns %**	**Rural areas %**	**All %**
Effective	41	48	45	45
Not effective	18	17	18	17
Don't know/no answer	41	35	38	38
Total	100	100	100	100

Source: VOP, 2007, survey results from April-May 2007.

16 Transparency International-Kenya. 2009. *East Africa Bribery Index 2009.*
17 Transparency International-Kenya. 2010. *East Africa Bribery Index 2010.*
18 Ibid.
19 The Worldwide Governance Indicators http://info.worldbank.org/governance/wgi/index.asp
20 The Worldwide Governance Indicators: Country Data Report for Tanzania1996-2009 http://info.worldbank.org/governance/wgi/pdf/c224.pdf
21 The Worldwide Governance Indicators http://info.worldbank.org/governance/wgi/index.asp
22 This triggered Tanzania's Threshold Programme, worth US$11.15 million.
23 Tanzania's performance was assessed to be better than other low income countries in the region (PEFA Report, 2006). Compared to low income countries, Tanzania scored about 35% higher on total score. Source: *Annual GBS Review*. 2007.)
24 Afrobarometer. 2006. *Briefing Paper No. 33: Combating Corruption in Tanzania: Perception and Experience.*
25 Cooksey. 2007a.

3.5. Three high-profile cases in particular erupted into the public domain near the end of the evaluation period (see Box 3.1). The resignations, sackings and the dissolution of Cabinet members associated with these scandals were promising signs of an increase in good governance, So far, however, there have been no related convictions. The evaluation team's interviews with key stakeholders indicated that perceptions of corruption amongst CSOs and the urban middle class have been more (negatively) influenced by these grand corruption scandals than have those of the rural population; 72.7% of respondents to a recent survey[26] said corruption levels had either increased or remained unchanged compared to the previous year. Only 14% felt that corruption levels had decreased.

Box 3.1: Recent high profile grand corruption scandals

EPA: The External Payment Arrears (EPA) account facility at the Bank of Tanzania allowed companies to borrow money from the bank when they were making foreign currency transactions. The corruption scandal involved the fraudulent payment of around Tshs 133 billion (US$96 million) from the account to 22 companies in 2005-06. The scandal came to light as a result of a regular annual audit in 2006, and was later confirmed by a special independent audit, which the NAO completed in November 2007. The audit concluded that "*Shs 134 billion was spent under the account out of which Shs 90 billion was fraudulently paid, while the Shs 44 billion needs further analysis to determine whether the amount was properly spent, and or accounted for.*" The President sacked the governor of the Bank of Tanzania in January 2008. In a speech in Parliament the President was reported as saying that those who return stolen money 'may not be taken to court', a statement interpreted by some commentators as a form of pardon.[26]

BAE: In 2008, a government minister (Attorney General Andrew Chenge) resigned over allegations of taking a US$1 million bribe from the British company, BAE Systems, over a US$40 million radar deal. BAE negotiated a plea bargain and the criminal prosecution was dropped. Mr Chenge is now the Chairman of the Ethics Committee of the ruling party, Chama Cha Mapinduzi (CCM).

Richmond: The Richmond scandal was concerned with fraud and corruption in connection with a contract with American firm Richmond Development Company. Concerns raised by the Trade and Investment Parliamentary Committee, prompted the Speaker of Parliament, Samuel Sitta, to appoint a Select Committee to carry out further investigation. The report of the Select Committee was tabled and debated in Parliament in February 2008, leading to the resignation of the Prime Minister Edward Lowassa and two cabinet members, and subsequently to the dissolution of the entire cabinet, described by donors as "*a significant democratic breakthrough*."[27]

3.6. There are complex drivers of grand corruption in Tanzania, based around patronage, personal power relationships, and the close intertwining of politics and business (see Box 3.2) Media reports link the EPA scandal to the financing of the election campaign of the ruling political party, CCM.[29] The Election Expenses Act 2010 could be a useful tool in reducing election related corruption. Criticisms have centred on the role of the Registrar of Political Parties who is a political appointee

26 Transparency International-Kenya. 2010.
27 21 August 2008.
28 C Network. 2008.
29 Sida. 2008. *General Budget Support to Tanzania: An Assessment Memorandum.* Swedish Embassy, Dar es Salaam.

and whose powers have been significantly expanded by this Act. Concern has been expressed that the Act has the potential to give the ruling party an unfair advantage.[30]

3.7. Low public sector pay is commonly perceived to be a driver of petty corruption. However, studies are divided about the extent to which this is the case in Tanzania. The importance of pay may vary across sectors or agencies and grades of staff (see Box 3.2).

Box 3.2: Analysis of drivers of corruption in Tanzania

The Warioba Report (1996) found that political corruption was the major challenge and identified key sectors and major stakeholders involved in the corruption.

DFID's 2008 Fiduciary Risk Assessment identifies the main causes or vectors of corruption in mainland Tanzania as: low pay and limited instances of prosecution; the existence of discretionary and monopolistic powers; and, "*a multiplicity of incomplete and complex processes and reporting requirements*", which also provide significant opportunity for corrupt practice.

Fighting Fiscal Corruption: lessons from the Tanzania Revenue Authority (TRA) (Fjelstad 2003) suggests that, in the Tanzania context, the link between pay and corruption is tenuous[30]

Pay Reform and Corruption in Tanzania's Public Service (Mutahaba, 2005) supports this finding that even with relatively high wages and good working conditions, corruption may continue to thrive where there is a high demand for corrupt services.[31]

Understanding Patterns of Accountability in Tanzania (Lawson and Rakner, 2005) sees resistance within the civil service as a key obstacle to AC efforts.[32]

Norway's 2008 GBS appraisal: assessment of corruption risk sees neo-patrimonialism as a driver of political corruption and the high international demand for natural resources as an incentive for corrupt activities.

The 2005 Sweden-funded power analysis examines clientelism as not only a cause of corruption but as the "*very backbone … on which the country's power structure depends*."[33]

30 National Democratic Institute. May 2010. *Statement of the National Democratic Institute (NDI) Pre-Election Delegation to Tanzania's October 2010 Elections.* May 21 2010, Dar Es Salaam.
31 Mutahaba, G. 2005. *Pay Reform and Corruption in Tanzania's Public Service. A paper presented at the seminar on Potential for Public Service* Pay Reform to Eradicate Corruption among Civil Servants in Tanzania, 26 May 2005, ESRF Conference Hall, Dar es Salaam. President's Office Public Service Management.
32 Fjeldstad, O. 2003. *Fighting Fiscal Corruption: Lessons from the Tanzania Revenue Authority.* Chr. Michelsen Institute, Bergen, Norway.
33 Lawson, A. and Rakner, L. 2005. *Understanding Patterns of Corruption in Tanzania.* DFID.
34 Hyden, G. 2005. *Why Things Happen the Way they Do. A Power Analysis of Tanzania.* Sida.

Tackling corruption

3.8. The current administration of President Kikwete came into power with the promise to combat corruption. Corruption in the mining sector, the judiciary and petty corruption were targeted for attention. There has been an increased willingness to 'name and shame' in relation to grand corruption, and development partners' perception is that the GoT is now more willing to talk about corruption, driven principally by domestic influences such as pressure from Parliament and the media.

3.9. The GoT attitudes towards corruption have evolved since the Nyerere administration, when discussion of corruption was taboo. President Mkapa's government commissioned the Warioba Report in 1996. This detailed the state of corruption in the country, and formed the basis for Tanzania's NACSAP of 1999.

3.10. Under NACSAP Phase I, all ministries developed sector-specific corruption plans to improve transparency and increase public access to information. A key objective of NACSAP Phase II (2006) is to complement the key PSRPs and extend the focus of AC efforts beyond national ministries to local government, civil society and the private sector. Donor support to NACSAP II is discussed in Chapter 6.

3.11. Since 1995, the GoT has introduced legislation to tackle corruption and improve accountability mechanisms and ethical guidelines in the civil service. A broadly robust legal framework to prevent and deal with corruption is now in place. There are however some legislative 'gaps', with Bills prepared which have not yet become law. These include the Whistleblowers Bill and the Right to Information Bill, which were waiting to be tabled in Parliament at the time of evaluation.[35]

3.12. Key institutions are in place, mandated to investigate and prosecute corruption, and to provide oversight and prevent corruption (Table 3.2). The PCCB and the NAO and their relationship with other key AC institutions are discussed in Chapter 6.

35 AC Network. 2008. *Key Issues Paper on Challenges in Fighting Corruption in Tanzania for the 2008 General Budget Support Annual Review.*

Table 3.2: Key anti-corruption institutions in Tanzania

Institution	Role
KEY INSTITUTIONS PREVENTING AND PROSECUTING CORRUPTION	
Prevention and Combating of Corruption Bureau (PCCB)	The PCCB was established under the Prevention and Combating of Corruption Act 2007. Unlike its predecessor, Prevention of Corruption Bureau, it is established as an independent body, with power to "*investigate and, subject to the directions of the DPP*",[35] mount prosecutions.
Director of Public Prosecutions (DPP)	Prosecutions are now carried out by the DPP, rather than by the police as previously. This both professionalises the prosecution service, and ensures its independence from the investigating agency. Overall, the legal sector remains weak, and is itself considered to be corrupt.
Ethics Secretariat	The Ethics Secretariat is responsible for promoting and monitoring the ethical conduct of public leaders. Under the Public Leadership Code of Ethics Act 1995 it receives declarations of assets, investigates complaints and educates leaders. The lack of public access to the records held by the Secretariat is currently the subject of a legal challenge.
Public Procurement Appeals Authority (PPAA)	It has been suggested that the PPAA should not be regarded as a core AC institution and that the investigative role that it plays on suspicion of corruption in the tendering or award process should be handed over to the PCCB.[36]
KEY INSTITUTIONS RESPONSIBLE FOR PUBLIC FINANCIAL MANAGEMENT	
Ministry of Finance and Economic Affairs (MoFEA)	Tanzania's PFM was, at the beginning of the evaluation period, considered to be relatively robust. Increased use of Public Expenditure Tracking Surveys (PETS) has usefully highlighted the revenue lost due to corruption. PFM reforms are proceeding slowly: systems are in place, but adherence to them is weak.
National Audit Office (NAO)	The Public Audit Act 2008 compelled the executive to respond to audit issues raised by the NAO. The quality and timeliness of audits has improved.

3.13. There is limited public accountability around corruption issues despite pressure from parliamentarians and the media (see paragraph 3.8). CSOs in Tanzania are still young and there are few that focus specifically on corruption issues.[38] However, CSOs have recently taken a more pro-active role in the fight against corruption[39] and faith-based groups are beginning to include corruption and integrity in their public agenda.[40]

36 Prevention and Combating of Corruption Act 2007.
37 de Speville, B., Graham, P., Bain, J., Tumwesigye, J., Garlick, H., Preston, A., Titsworth, J., Kiangi, A. and Mahemba, M. 2008. *A Review of the Legal and Institutional Arrangement for the Implementation of Tanzania's National Anticorruption Strategy.*
38 Agenda Participation 2000 (which runs the Tanzania Corruption Tracker System) and ForDIA are the most focused on corruption although other CSOs do work linked to AC and transparency, such as policy briefs, PETs, the open budget index and the citizens budget. Transparency International Tanzania was closed due to 'inactivity'
39 NOLA and LHRC public interest litigation on *takrima* law and legal challenge to Public Leadership Code of Ethics.
40 An example of this is the attack launched on the GoT's handling of corruption by the Catholic Church in a pastoral letter last year. High-level officials in the ruling party, CCM, demanded withdrawal of the letter. Instead, more churches have joined the Catholic Church in its call for more commitment from the GoT on tackling corruption in Tanzania. www.corruptiontracker.or.tz

4. Relevance of the donor programmes

Summary of key points on the relevance of donor programmes

- All donors have intensified and focused their AC efforts in the latter part of the evaluation period, largely in response to grand corruption scandals. Norway, in particular, has re-focused its efforts in response to the misuse of Norwegian funds in the natural resources sector.
- The GoT's NACSAP (which sits under the PRS Mkukuta) has provided the broad framework for donor AC efforts, but its implementation has not attracted direct donor support or funding, outside Norway through the UNDP.
- Commissioning donors have not paid attention to AC in some key areas – particularly private sector and political processes. Their governance programmes have focused on general systems improvements, with little AC analytical underpinning.
- Donors have paid limited attention to petty corruption and its impact on the poor and women.
- Donors have increasingly provided targeted support to key AC institutions such as the PCCB, NAO and DPP. Support to oversight bodies has been particularly relevant to context.
- All donors have provided support to strengthen accountability through the media and civil society.

Introduction

4.1. This section examines the relevance of the programmes of the four commissioning donors active in relation to the Tanzania context. Findings are presented in four parts. First the main changes in donor approaches to AC over the evaluation period; secondly, the level of donor alignment to country priorities; thirdly, the analytical and contextual underpinning of programmes; and fourthly an overview of the link with AC global initiatives.

Changes in donor approaches to anti-corruption over the evaluation period

4.2. The approach of each commissioning donor has evolved differently over the evaluation period. As summarised in Box 4.1, key changes to their approach to AC were in part driven by HQ policies and in part in response to specific cases of aid misuse in Tanzania. This is further discussed in Chapter 5.

4.3. With the exception of Sweden, which put AC at the centre of its support to the country (mostly through its support to the NAO) from the early years of the evaluation period, other donor countries appear to rekindle their interest in supporting the government's fight against corruption from 2006 onwards. This level of support had remained unprecedented since the late 1990s, when donors had thrown their

weight behind the Warioba Commission. Donor attention had declined in the ensuing years, as they stopped short of funding NACSAP and turned their attention to launching large governance reforms programmes in partnership with the government.

Box 4.1: Summary of individual donor approach to anti-corruption

Denmark's approach to addressing good governance, targeting both the demand and supply side, varied little over the evaluation period. Denmark's country programme, as outlined in the Tanzania Assistance Strategies (to 2005, and 2007-11), has been framed firmly within Tanzania's PRS. Denmark bases its development cooperation on a zero-tolerance principle in relation to corruption. This relates to all forms of abuse of Danish funding and includes a commitment to actively support partner countries' own fight against corruption. In its own assessment of its performance, Denmark participated 'prominently' in the policy dialogue in the fight against corruption.[40] Denmark has placed an emphasis on supporting CSOs active in AC. Its 2007 Africa Policy refers to the role of civil society and the public in fighting corruption.[41]

The approach taken by **Norway** to AC in Tanzania changed significantly over the evaluation period. The reasons are: the evolution in Norway's global approach to corruption; grand corruption scandals; a realisation that CSOs were tainted by corruption; and the discovery of the misuse of Norwegian funds in its natural resources sector in Tanzania (Box 5.1). Norway's approach to tackling corruption in Tanzania has been characterised as follows: (i) a stronger and more rigorous engagement with the GBS process – appraisal and dialogue[42](ii) cessation of funding to the Ministry of Natural Resources[43] and an increased focus on the demand side of accountability in the natural resources sector through support to CSOs[44] (iii) exploration of more innovative ways to address corruption[45](iv) shifting of fund away from governance programmes to interventions to reduce illicit capital flows (v) an AC focus in its corporate social responsibility outreach to Norwegian companies (vi) supporting the PCCB (vii) supporting/strengthening PFM mechanisms/institutions both on the mainland and in Zanzibar.

Sweden has considered AC to be 'a central component'[46] of its support from the beginning of the decade, particularly to PFM and public service reform. Corruption was being highlighted as a desirable topic for dialogue with the GoT as early as 2004, reflecting Sweden's strong global focus on corruption.[47] Sweden's Country Strategy 2001-05 did not have an explicit AC focus.[48] Its 2006-10 Country Strategy[49] oversaw a move from project and programme support to GBS. Sweden has prioritised AC through an increased emphasis on (a) transparency and accountability (particularly with respect to the Right to Information) both publicly, including through the media,[50] and through its lead roles on the Governance and AC donor groups and in its high-level dialogue with the GoT and (b) in its dialogue with the GoT and other donors on follow-up of the government's AC efforts using the AC Network and other fora. Over the evaluation period, Sweden increased GBS from 40% of its country allocation in 2006 to 66% in 2008.

41 Embassy of Denmark, Tanzania. 2006. *Country Assessment.*
42 Denmark Ministry of Foreign Affairs. 2008. *Strategy for Danish Support to Civil Society in Developing Countries.* Copenhagen.
43 Norad. June 2008. *Appraisal of Norwegian General Budget Support to Tanzania.* (this also includes a special assessment of corruption).
44 Norway has undertaken a partly public and partly private discourse with the GoT on repayment of funds.
45 Tanzania Forest Conservation Group. 2009.
46 For example, Norway is exploring working with faith-based organisations.
47 Swedish Embassy Tanzania. 2002. *Semi-annual report October 2001-March 2002.*
48 Swedish Embassy Tanzania. 2004. *Annual Country Report.* A recent example of Sweden's global focus on corruption is an initiative from the Minister of Development Cooperation to elicit ten innovative proposals on *What is required of development assistance in a world where corruption is a fact?* See http://innovationspanelen.wordpress.com/in-english
49 Focus was on pro-poor growth, human resource development and democratic development.
50 Disappointed with its performance on the Paris Baseline Survey 2006, Sida set itself high targets e.g. >80% use of country PFM systems (global target 77%) and 75% use of country procurement systems (global target 74%). Swedish Embassy Tanzania. 2006. *Annual Report.*
51 The engagement of the Ambassador has been particularly strong. See www.swedenabroad.com/News____10795.aspx?slaveid=108240 for examples of media interviews and articles.

DFID's focus on corruption has increased over the evaluation period. Its 2003-04 Country Assistance Plan (CAP) did not mention corruption (although the aim was to support an effective and accountable government). Following DFID's 2006 White Paper *Making Governance Work for the Poor*, Quality of Governance Assessments were required to be undertaken as part of the CAP process. In the subsequent CAP (2007), corruption is seen as *"posing a serious risk to poverty reduction"*. Since 2008, DFID has also carried out an analysis of the risk of corruption in the country as part of its Fiduciary Risk Assessments. The approach to AC is on governance improvements linked to core government reforms and accountability.[51] DFID has taken a leading role in dialogue on AC at GBS annual reviews, since launching TCP.

4.4. A striking characteristic of donor AC efforts in Tanzania over the evaluation period is that all donors increasingly addressed corruption explicitly through programming and dialogue in the latter years, in response to prominent grand corruption scandals; the growing media and public interest in corruption; and survey and other evidence, which suggested that the development environment was not as positive in Tanzania as once had been assumed. For example, DFID's more focused approach to AC through the TCP was in part conceived on the back of the GBS annual review of 2007 and the EPA corruption scandal (see chapter 5).

4.5. By contrast, in the earlier years of the evaluation period, changing aid modalities and the move towards a programme-based approach (including GBS) – while leading to an increased support for PFM – also coincided with donor approaches that had a less explicit stance on corruption issues.

Alignment with national anti-corruption strategies and the Tanzania context

4.6. Donor alignment with national AC strategies became increasingly apparent from 2006. In the Joint Assistance Strategy for Tanzania (JAST), approved by Cabinet in October 2006, donors pledged to align their interventions with Mkukuta (Tanzania's PRS). JAST identifies fiduciary risk as one of the main categories of risk to its implementation and a number of measures were identified to be undertaken by the GoT with donor support to mitigate this risk including: ongoing PFM efforts; implementation of the Public Procurement Act; improved transparency in public spending; ongoing national AC measures; regular M&E; and an open and frank dialogue on AC-related issues.

4.7. Donors also played an important role in the development of NACSAP II, urging the Government to work with civil society, the media and the private sector in the implementation of the strategy and action plan. DFID saw the GoT's invitation for input into NACSAP II as an opportunity to *"support it along the rather rigorous lines that have been developed and put in place for the core public sector reforms"*, and to *"help government develop a much more robust, results-oriented approach to combating corruption"*.[53] Although at a high level NACSAP II provides the broad framework for commissioning donor support to preventative AC policy and practices,

52 Non-spend AC efforts have recently included the design of a grand corruption tracker tool and corruption analysis (over time and across countries).
53 DFID. 2007. *Tanzania Quality of Governance Assessment.*

of the commissioning donors, only Norway and Sweden have used NACSAP as the direct platform for their AC efforts. Norway and Sweden have supported NACSAP through a UNDP project 'Support to Strengthening the Capacities to Combat Corruption in Tanzania' (co-financed by Finland) (2000-2005). Norway's support under this project focused on the Good Governance Coordination Unit (under the President's Office) and the PCCB. The relevance of donor support to PCCB is further analysed in the following section.

4.8. Looking more broadly at the relevance of donor approaches to the Tanzania context, donor efforts have tended to focus on two areas: (a) the prosecution of cases of grand corruption,[54] which has been the focus of their dialogue with the GoT[55] and DFID's support through TCP, and (b) on strengthening governance and PFM systems, which has been the focus of their funding.

4.9. The assumptions (often implicit) behind these approaches are that: it will be impossible to tackle corruption at all levels, if there is allowed to develop a sense and perception of impunity at the top; fighting grand corruption reduces the perceptions of impunity whilst also addressing the incentives for corruption generally, money is recovered and the economy and quality of public service delivery improves; and, improved governance systems will have a trickle-down benefit to the population's welfare, as opportunities for leakages are reduced.

4.10. Despite the centrality of poverty reduction to donors' missions over the period, commissioning donors have generally paid limited direct attention to the issue of petty corruption and the impact this may have on poor people and especially on marginalised sections of society, including women. Only 25% of projects evaluated were grounded in an analysis of poverty and gender. Where donors have addressed petty corruption and its impact on poor people has been through their support to civil society. The recent Denmark-supported PCCB National Governance and Corruption Survey may provide the platform for a greater donor focus on this area.

Relevance of specific donor programmes

4.11. Beside ensuring that their own money has not been misused (see Box 4.1 and Chapter 5), donors have attempted to tackle corruption in Tanzania through:

- supporting government institutions dealing directly with corruption (mainly but not exclusively the PCCB)
- supporting governance reforms through government sector reform programmes e.g. PFMRP, LSRP, PSRP, LGRP and BEST
- funding CSOs to strengthen the demand for good governance

4.12. Table 2.1 in Chapter 2 mapped donor programmes against UNCAC articles, grouped into six common themes. In all, 29 projects were initially identified as potentially being of direct or close relevance to tackling corruption. All four commis-

54 Grand corruption is understood to mean corruption with one of the following characteristics: the amount involved in the allegation is huge; the personalities are high profile; the alleged transaction has cross-border elements; and/or the matter is of public interest (definition from AC Network, 2008).

55 For example, donors organised two high-level fora on AC and grand corruption (led by DFID) during the 2009 GBS Annual Review involving State House, PCCB and the DPP.

sioning donors have been active across all six common themes over the evaluation period. However, the actual relevance of their programmes to the fight against corruption in Tanzania has been mixed.

4.13. **Establishing AC policy and practices:** All the commissioning donors have provided support to direct AC initiatives. As explained above, these efforts intensified in the second part of the evaluation period, resulting in AC initiatives moving up the donor agenda. In response to this changing climate, donors turned their attention to specific AC institutions, particularly the PCCB towards the end of the evaluation period.

4.14. Denmark supported PCCB National Governance and Anti-Corruption Survey – this initiative was highly relevant in building a baseline for future work. In 2008 DFID and Norway jointly financed a review of the legal and institutional arrangements for implementation of NACSAP.[56] Norway funded the PCCB in 2008 to support its investigative capacity, in particular in relation to corruption in the natural resources sector. Norway's support was a direct response to the 2007 TRAFFIC[57] report on corruption in the sector. Finally, DFID Tackling Corruption Project is the most exhaustive, as the project aims to supports front line anti-corruption institutions: the PCCB, the DPP, the Ethics Secretariat and the Public Procurement Appeals Authority to increase their effectiveness in fighting grand corruption. The focus is on improving operational capacity; for example improving case-docket management systems, electronic surveillance and other IT systems, and inter-agency database management systems.

4.15. **Dealing with corruption in the public sector:** None of the governance reform programmes[58] was designed explicitly to address corruption. There is no evidence that the design of these programmes included an analysis of corruption or drew on civil society inputs in relation to corruption.[59] In particular there was no analysis of the effect of corruption in the public sector on the poor and marginalised, including women. Donor analysis has picked up upon the obstacles presented by the operation of parallel informal rules and systems to governance reform that is focused on improving policies and systems in the formal institutions.[60] "A power analysis indicates that conventional approaches to clientelism, rent-seeking, and corruption that focus on strengthening formal institutions may not alone be enough."[61] Donors have not addressed these issues, however, in their programming despite their substantial funding commitments in this area.

4.16. All four commissioning donors' support to the Public Financial Management Reform Programme (PFMRP) is strongly linked to their provision of GBS. The Public Expenditure and Financial Accountability Review (PEFAR) (2006), the joint donor PFM diagnostic that shapes the PFMRP's Strategic Plan 2008, makes a creditable

56 de Speville et al 2008. Norway subsequent decided not to co fund TCP
57 TRAFFIC 2007 *Forestry, governance and national development: Lessons learned from a logging boom in southern Tanzania*
58 Of which the most significant are: the Business Environment Strengthening in Tanzania Programme (BEST); the Local Government Reform (LGRP); the Legal Sector Reform (LSRP); the Public Financial Management Reform Programme (PFMRP); and the Public Service Reform Programme (PSRP).
59 CSOs were involved in the design of the LSRP and have latterly become more active in shaping the priorities. The most active CSOs are the National Organisation for Legal Assistance, and the Legal and Human Rights Centre. The CSO group in the LSRP is, however, led by the Tanganyika Law Society that does not have a reputation of active engagement in the sector.
60 Hyden, Goran. 2005. "Why things happen the way they do. A power analysis of Tanzania" Sida
61 Hyden 2005

attempt at analysing corruption in PFM. It provides evidence on detected forms of corruption in budget execution, as well as progress in the fight against corruption.[62] However, the PFMRP strategic plan stops short of directly addressing issues of corruption, with attention paid instead to strengthening procedures and systems.

4.17. At the same time, donors' broadening of support to PFM to include institutions such as parliamentary committees[63] and the NAO that have an oversight role in the financial accountability chain has been highly relevant as their role in the fight against mismanagement of public funds has become more prominent. In Tanzania, donors have supported PFM oversight bodies both directly (Sweden[64] and UK[65]) and through the PFMRP (see Chapter 6 discussion on effectiveness).

4.18. Where support has been provided to a specific GoT institution, such as the Tanzania Revenue Authority (TRA), engagement on AC was weak, at least initially. Donors' early engagement with TRA largely sidestepped the issues of corruption, despite perceived high levels of corruption in tax administration[66]but the third phase of their support (from 2009) takes a more robust stance on the issue.

4.19. **Dealing with corruption in political processes:** All the commissioning donors have supported governance in political processes during the evaluation period, in particular supporting the election process through UNDP in 2005 (and similar support in 2010). There is little linkage in programming with AC, however, being based on a largely highly technocratic 'menu' based approach, with a focus on systems and capacity building and only weak linkages to the fight against corruption. Donors have not addressed key issues such as party financing despite the apparent nexus between politics, business and corruption in Tanzania (see chapter 3).

4.20. **Dealing with corruption in the private sector and financial institutions:** The majority of the commissioning donors have engaged in programmes of support to the private and financial sectors during the evaluation period. Despite the dual role of the private sector in Tanzania as both a driver and victim of corruption, there has been little or no focus on corruption in the private sector in either donors' country assessments in relation to private sector development or in their programming. Sweden's long running[67] support to the Tanzania Chambers of Commerce, Industry and Agriculture had, for example, no focus on improving business ethics.

4.21. **Dealing with criminalisation and the corruption in the judiciary and prosecution sectors:** Donors' prime support to the legal sector has been provided

62 Corruption is mentioned in 51 instances, including: number of cases prosecuted by the PCCB; the lack of a framework to make public reporting of corruption more effective; Tanzania's initial failure to qualify for Millennium Challenge Account funds; TI's CPI scores; estimated percentage loss of government expenditure on procurement due to corruption; lack of sanction; and the role of media in tackling corruption.

63 The Public Accounts Committee; Local Authority Accounts Committee and, since 2007, the Parastatal Organisation Accounts Committee

64 NAO Development Programme Phases I and II

65 Support to Parliamentary Oversight Committees.

66 for example; 55% of respondents to the 2006 Afrobarometer survey believe that some, most or all TRA officials are corrupt; According to the Controller and Auditor General in 2007-08 less than 50% of the taxes that should have been collected were actually collected in 2007/08 and there was a Tsh 196bn (US$ 142 million) difference between what the TRA reports as having transferred to the Exchequer Account and what it actually did transfer; In 2009, the PCCB arrested five suspects in a case involving theft of US$77m in taxes paid by the Tanzania Telecommunications Company Limited (TTCL), to the TRA. The case was a typical example of collusion – in this case between individuals from TTCL (a parastatal), TRA, and the National Bank of Commerce

67 1995-2009

through the Legal Sector Reform Programme (LSRP) that sought to take an holistic[68] approach to reform of the legal sector, but did not have an explicit AC focus neither on reducing corruption in the justice sector nor on improving the prosecution of corruption cases.

4.22. This contrasts with the current state of the justice sector in Tanzania: Already, in 1996, the legal sector task force's report identified the weaknesses and challenges in the legal sector and made wide-ranging proposals for reform. Its core findings of inordinate delays in the courts, limited access to justice, corruption and unethical practices, low levels of competence and morale and a low level of public trust, are still relevant to the legal sector today.

4.23. Corruption in the justice sector is described by donors as entrenched, with a strong link to poor pay and conditions.[69] This is cited as one of the reasons why most donors have limited their engagement with the sector. *"At the political or social level there is no data indicating that corruption is being effectively tackled in the judiciary…or that the administration of justice has improved*."[70] At least one of the commissioning donors identified early on the crucial role reform of the legal system plays in fighting corruption[71] and corruption in the judiciary had been highlighted by the government and perception surveys as of serious concern (see Chapter 3).[72] An analysis of the supported programmes can be found in Annex 5.

Link with global anti-corruption initiatives

4.24. Tanzania ratified UNCAC in 2005 and the Prevention and Combating of Corruption Act of 2007 was enacted to take forward UNCAC commitments. Both Norway and Sweden developed their AC strategies with explicit reference to UNCAC. But, except in the broadest sense, there has been limited explicit linkage of donor AC efforts in Tanzania with UNCAC:

- In 2007, Danish budget support appropriation was linked to the GoT, tabling the Prevention and Combating of Corruption Act.
- Norway has explicitly supported the GoT to align with UNCAC (through its UNCAC Participation Project).
- The UK and the Netherlands undertook a pilot review of Tanzania's implementation of UNCAC in 2008.

4.25. Over the evaluation period, donors have increasingly integrated global AC initiatives into their AC work in Tanzania:

- Donors have had an increased focus on corporate social responsibility, including corruption, in their dealings with home-country investors in Tanzania.[73]

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68 A multi institutional approach that aims to support all of the different players and processes in the legal sector rather than focussing on a limited number / sub sector. We have added a footnote to explain this

69 The Tanzanian Judiciary has been rated the 4th most corrupt public institution of 99 in the region, worse than both the Kenyan and Ugandan judiciaries in the 2009 East Africa Bribery Index.

70 Denmark Country Assessment 2008.

71 Swedish Embassy Tanzania 2004 Country Report

72 The M&E framework which has recently been developed measures progress towards an output of "Enhanced transparency and reduced corruption practices in the sector institutions" using indicators related to the number of corruption incidences reported and compliance with the Public Leadership Code of Ethics. However, in the draft we have seen (United Republic of Tanzania, Legal Sector Reform Programme Indicators Handbook. Description of Indicators for assessing outcomes for the Legal Sector Reform Programme. First Draft 26th September 2009) no MDA is responsible for implementing outputs under this outcome.

73 Denmark and Norway in particular.

- Towards the end of the evaluation period, Norway has globally had a stronger focus on tackling illicit capital flows, and is currently exploring ways to assist the GoT in alleviating this issue through a focus on mining taxation.
- Norway has managed the Corruption Hunters Network of which the Director General of the PCCB, is a member.

Concluding comment

4.26. The evaluation's conclusion on the relevance of donor AC efforts in Tanzania is given in Chapter 8. Tanzania was one of the first countries to draft a national AC policy through NACSAP. Yet, commissioning donors appear to have been more inclined to support a strengthening of public sector systems (including line ministries) or take a stance against specific grand corruption cases rather than support a more comprehensive AC policy, like NACSAP. This is further discussed in Chapter 5.

5. Donor ways of working

Summary of key points on donor ways of working

Risk of misuse of donor funds

- Some GoT-managed multi-donor basket funds to support governance/PFM reform have been the subject of misuse and may have led to corrupt activities. In response donors have micro-managed fund operation and/or restricted funding.
- Some basket funds managed by the United Nations Development Programme (UNDP) have also been problematic and perceived as non-transparent. Donors have responded by seeking to deal directly with recipients of funds.

Donor coordination and alignment with GoT strategies

- The key mechanism for donor coordination has been GBS, enabling donors to have joint leverage on pressing for prosecution of grand corruption and PFM reform.
- Neither NACSAP nor the AC Network has provided a coordinating mechanism for donor AC initiatives.

M&E of AC initiatives

- Donor monitoring of corruption is well institutionalised but results-based commitment to AC at programme level has been weak.
- National evidence on levels of corruption in Tanzania is sparse, incomplete and irregular. Donors have assisted national M&E with the Performance Assessment Framework (PAF) for GBS, which contains specific AC indicators and support to the development of NACSAP M&E.
- Governance and PFMRPs contain AC indicators, but mainly activity-based.

Introduction

5.1. This Chapter looks specifically at donor ways of dealing with corruption with regard to: (a) the risk of misuse of donor funds; (b) donor coordination; and (c) M&E of AC initiatives.[74]

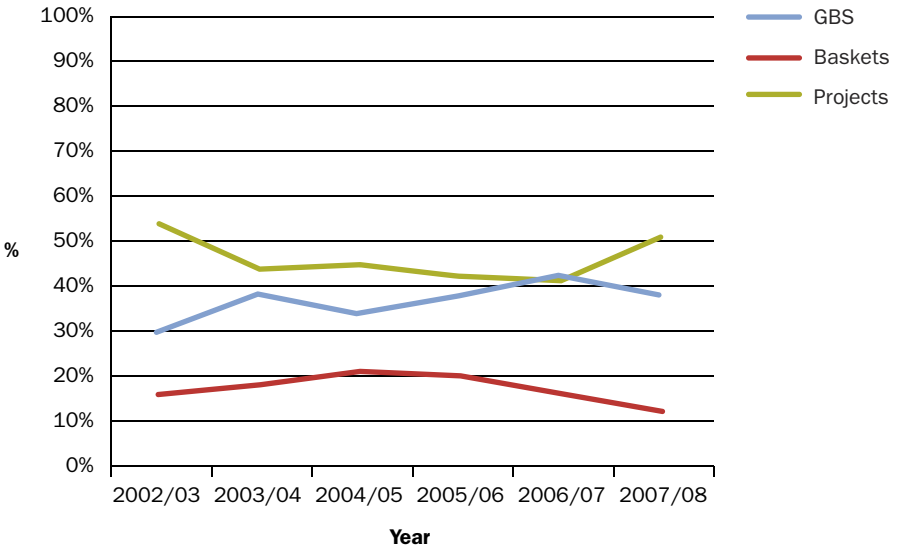
Risk of misuse of donor funds

5.2. During the beginning of the evaluation period, donors moved away from project-based support to new aid modalities: GBS and basket funds (see Figure 5.1). Risk mitigation measures changed accordingly to reflect the increased reliance on government systems that this change in modalities represented. Donor efforts to tackle corruption through GBS are analysed in detail in Chapter 7.

74 In the second half of the evaluation period, GoT and donors have been guided by The Paris Declaration (since 2005) and the Accra Agenda for Action (since 2008) to achieve aid effectiveness. The performance against the criteria is measured by a survey conducted regularly (latest in 2006 and 2008). The Paris Declaration is an international agreement to which over 100 ministers, heads of agencies and other senior officials committed their countries and organisations to continue to increase efforts in harmonisation, alignment and managing aid for results with a set of monitorable actions and indicators. For survey results see www.oecd.org/dac

5.3. Towards the end of the evaluation period, donor support began to turn again to project-based approaches, as shown in Chart 5.1, reflecting increasing concerns about the fiduciary risk associated with both GBS and basket funds; as well as their disappointing performance.

Figure 5.1: Aid composition as a percentage of total aid as recorded in Government of Tanzania budget



Source: **Sida. 2008.** General Budget Support to Tanzania: An Assessment Memorandum.

GBS and basket funds

5.4. The fungibility of donor funding under GBS is such that any misuse of public funds cannot be traced back to aid. GBS donors have nonetheless reacted strongly against large corruption scandals, as explained in Chapter 7. In addition, donor attention to, and support for, PFM has increased with the move to GBS. In the latter part of the evaluation period, DFID carried out an analysis of the risk of corruption in the country as part of its Fiduciary Risk Assessment.

5.5. Multi-donor basket funds were used to support core governance reform programmes, including the LSRP, PFMRP and PSRP. This section looks at donors' internal procedures and risk mitigation strategies for basket funds.

5.6. Donors in Tanzania contribute to two types of basket funds in support of GoT governance reforms:[75]

- those that are implemented directly by line ministries (LSRP, PFMRP, PSRP)
- those that sit with and are managed by multilateral agencies (the World Bank and UNDP) on behalf of contributing donors

5.7. The PFMRP basket fund was set up in 2004 with contributions from DFID, Denmark and the EU to support Tanzania's second phase of PFM reforms. Relationships between the GoT and PFMRP donors broke down in 2008 after the World

75 Attempts for joint donor funding under the leadership of a bilateral donor have not materialised (e.g. for the TCP).

Bank raised some concerns over the use of basket fund money. Because of slow procurement and pressure to spend, it was found that the basket money was mostly used on a plethora of workshops and training, prompting some to refer to the PFMRP as a 'per diem' basket fund. The activity-based nature of some programme component work plans also provided opportunities for misuse.[76]

5.8. Concerns over the use of funds, coupled with weak performance, led to the suspension of funding by donors for Phase II and the re-launching of the programme (Phase III in November 2008).

5.9. An independent evaluation of PFMRP in 2006 highlighted a number of performance issues, many also linked to the risk of misuse.[77] These included:

- The limited evidence of reforms resulting from donor funds. The evaluation concluded that overall, there had been few additional or different reform activities overall.[78]
- Weak work-plans linked to the spending of PFMRP funds, with insufficient prioritisation of activities.[79]
- Perverse incentives linked to the use of allowances. The evaluation warned that: "*Serious distortions … arise from the opaque network of travel, workshop attendance and training allowances. These can in individual cases add up to more than the salary. Worse, they generate perverse incentives, causing civil servants to maximize their involvement in these activities – whether or not related to their performance and certainly at the expense of other job requirements.*"[80]

5.10. Some donors have concluded that the previous Public Expenditure and Financial Accountability Review (PEFAR) may have been too optimistic in donors' diagnosis, with annual updates principally relying on information from the government.[81]

5.11. The PFMRP is a good example where donors have taken specific action to address concerns over the misuse of funds. In response to poor performance and aid misuse, they have substantially increased their level of scrutiny. They have also used earmarking[82] and slow, or reduced disbursement as risk mitigation strategies: for example only 40% of funds pledged to the PFMRP were disbursed in 2009 and

76 Interviews with basket fund donors (including commissioning donors) described these concerns centring around per diems, meetings and workshops. A specific example concerned a World Bank employee accidentally coming across a large number of government officials holding a workshop with programme funds in a 5 star hotel in Dubai.

77 Schiavo-Campo S, Lima, J and Mwinyimvua, H. (2006) Tanzania's Public Financial Management Reform: Progress, issues and the future: Independent external evaluation of Tanzania's Public Financial Management Reform Program (PFMRP)

78 The National Audit Office was an exception – see Chapter 6.

79 Weak work plans were possibly due in part to the GoT reluctance to recruit long-term technical experts, although 2008/09 work plans have improved under World Bank chairmanship.

80 Donor-funded projects using top-up salaries (now ceased) and other incentives were also criticised as bad practice.

81 In a budget support country, donors use PFM assessment, such as PEFAR and for the WB, IMF Safeguard Assessments. Yet there are important gaps between two reports: PEFAR, 2006 and 2008, and for IMF Safeguard – a gap of 6 years (2002-06). Ten PEFA indicators in Tanzania are monitored on a yearly basis, but here again, the quality of assessment is at doubt. For example, in early years, C&AG claims there was a single Treasury account (2005/06). As the new C&AG took over, it was revealed that there were 36,000 Treasury accounts (2008) and 45,000 were counted in 2009. And the World Bank thinks there could be more than 100,000.

82 Basket funding should provide a flexible arrangement whereby the developing country can prioritise its reforms and ensure that critical parts of a reform programme continue. Yet, the current arrangements of identifying the specific amounts of development partners and GoT funding for each separate initiative/component has limited flexibility. This is still an improvement from the hybrid nature of PFMRP funding of previous years, during which the coexistence of different sources of funds with different requirements was said to be partly responsible for component reforms moving at different speed, and was a main source of both the programme successes and its problems in the first 18 months of its second phase.

commitments were reduced for the years ahead.[83] In turn, they have been criticised for micro-managing the programme in the last two years, in contrast to the more strategic oversight they had operated previously, as well as contributing to a slow-down in the programme of reforms.

5.12. Basket funds managed by international agencies, rather than by GoT, are:

- the World Bank (support to the TRA)
- UNDP (support to NACSAP, Deepening Democracy Programme and support to 2005 elections).

5.13. Denmark, the UK and Sweden have provided funds to support the strengthening of TRA through a World Bank-managed basket fund. Over time, there has been more alignment with GoT processes, with movement from an implementation model led by an international project coordinator and short-term inputs, to one where the project management unit is fully TRA-staffed. But there is heavy reliance on World Bank procedures (procurement rules and financial management reports) to protect donor funds.

5.14. UNDP management of basket funds is provided using either the Direct Execution (DEX)[84] or the National Execution (NEX)[85] modality. Under the DEX model, accountability to donors lies with UNDP, thus reducing the fiduciary risk for them. Under the NEX model, direct GoT project execution is permitted, thus securing a high level of national ownership in line with Paris Declaration principles. UNDP's role under the NEX model is to provide technical assistance, release funds, effect direct payments and manage key administrative matters, including procurement and contracting.

5.15. The DEX modality was used for the basket fund (contributed to by all four commissioning donors) to assist the 2005 general elections in Tanzania. A separate basket fund was set up to support the establishment of the Permanent National Voters Register. The same modalities were in place in support of the 2010 elections.

5.16. In contrast, support to NACSAP[86] and to the Deepening Democracy Programme[87] has been designed using the NEX modality. According to an external evaluation, weaknesses of this approach include poor reporting and the possibility of misuse of donor resources, with lack of communication and transparency between UNDP and contributing development partners compounding the situation. In particular, donors feel that they were not adequately informed about important issues such as "*the resignation of the Project Coordination Office Coordinator, the efforts to have him replaced, the delays with regard to the mid-term evaluation, as well as finance management and the outcome of the audit*."[88] UNDP commissioned an audit in response to donor concerns about finance management and procure-

83 The PFMRP consequently faced slow disbursement from the World Bank, while DFID continued to disburse 10 million in 2006/07, 4 million in 2008/09, and 2.4 million in 2009/10.
84 Direct Execution.
85 National Execution.
86 Supported by Norway.
87 Supported by Denmark, Norway, Sweden and the UK.
88 Deepening Democracy in Tanzania Programme. *Mid-Term Evaluation April – May 2009*. Final Report.

ment. However, because it covered a larger part of UNDP's portfolio, the audit was not made available outside UNDP. Donors have mitigated the perceived high levels of fiduciary risk associated with these funds by increasing their direct involvement in programmes, including engaging in direct discussions with implementing partners.[89]

Projects

5.17. Despite the smaller sums involved and the higher level of donor involvement and scrutiny, projects also carry a high fiduciary risk, as shown by the misuse of Norway's aid money in the natural resources sector (see Box 5.1)

Box 5.1: Misuse of Norway funds in the natural resources sector

Norway supported the Management of Natural Resources Programme (MNRP) in Tanzania for 12 years from 1994 to 2006. Total funding amounted to around US$60 million, about US$5 million a year. In 2006, an independent final evaluation raised doubts about the financial management of the programme. An independent audit firm was called in to audit 5 out of the 11 projects in the programme. In all, half of the US$60 million was estimated to have been lost through corruption and mismanagement, although, as only a sample of financial records were audited, no audit report received by the Norwegian Embassy documents misuse of such a magnitude.

Financial mismanagement related to the purchase of overpriced or non-existent goods and services and failure to follow procurement rules. Since 50-70% of the US$60 million was spent on workshops and similar 'capacity building' exercises, the majority of the money lost relates to the 'per diem' culture that has grown up around workshops paid for by development partners.

A former programme officer of MNRP has highlighted this issue in a published paper[89] and Norway plans to commission a further study on the use and abuse of workshops in its development funding.

5.18. Where donors have discovered corruption in relation to their funds in projects, their approach has been robust:

- Norway changed its approach to aid following the discovery of misuse of its funds. The use of an audit firm to build financial capacity in Norwegian-supported CSOs is an example of its new approach.
- An evaluation of Denmark's Good Governance Programme uncovered fraud in the FCS. Funding was halted. Although the interruption in funding was difficult for the FCS to manage at the time, it now appreciates the example set and the lessons learned.

5.19. Donors have increasingly become aware of corruption within CSOs[91]. Norway has dealt with this by building into all new contracts with CSO the requirement for independent audit and advice on better financial control. This has led to a narrowing

89 Some Deepening Democracy Programme implementing partners complained that the lead donors were too proactive, in wanting to meet directly with them to discuss programme activities.
90 Jansen, E.G. 2009. *Does Aid Work? Reflections on a Natural Resources Programme in Tanzania*. CMI U4.
91 For a typology of the corruption affecting CSOs in Tanzania see: Cooksey, B. 2007b. *Corrupting Aid? Perspectives on NGOs, governance & corruption in Tanzania*. Norra Latin, Stockholm.

of CSO funding to focus on fewer CSOs together with greater financial control and financial capacity building of partners.

Donor coordination

5.20. There have been three main entry points to donor coordination around AC and governance issues in Tanzania: within the basket funding modalities (see above); as part of the AC Network; and as part of GBS. The use of GBS as a platform for coordination and dialogue with government on AC issues is discussed in Chapter 7.

5.21. Whereas GBS has proved an effective platform, the AC Network – a subgroup of the Governance Working Group co-chaired by Sweden and UNDP, which is intended to be a forum for donors to discuss corruption – has found it hard to gain traction within the donor community. Sweden, as chair of the AC Network, produced a key issues paper in 2008 that has formed the basis of discussions on AC in the GBS annual review meetings. Although other donors contributed to the paper, in general, the AC Network has not attracted strong, consistent donor participation. Attendance has been low[92] and participants have not agreed on an agenda for discussion.[93]

5.22. That AC Network has not been particularly effective in promoting donor dialogue and coordination on corruption-related issues can be explained as followed:

- There are some differences in donors' views on how to deal with corruption in Tanzania. For example, in relation to investigation and prosecution of grand corruption cases, some donors are asking for more patience in recognition of the complexity of the legal process and of the importance of allowing the robustness of the legal system in Tanzania to be tested. Others take the view that the prosecution process is taking too long and is prolonging the culture of impunity for well-connected suspects.
- NACSAP is a government policy with which donors are committed, in accordance with the Paris Declaration and the JAST, to align. NACSAP was created partly as a result of demand from the donor community. Notwithstanding some improvements compared to NACSAP I, NACSAP II does not appear to have provided the coordinating framework for donor approaches, with only UNDP and Norway supporting NACSAP implementation.
- Donor perceptions are that the UNDP is not the most appropriate agency to lead on AC issues:
  - The project is a basket fund managed by UNDP and implemented using the NEX modality. The NEX modality has been criticised for weaknesses including poor reporting and the possible misuse of donor resources. There has also been a failure of communication and a perceived lack transparency between UNDP and contributing donors in country.

92 One factor to this is that there is no joint funding attached to the AC Network as there is to most other working groups where the follow-up of donor contributions ensure donor engagement.

93 The difference in perspective between UNDP and the other donors in the group may have contributed to difficulties in reaching agreement on an agenda. Swedish Embassy-Tanzania. 2009. *Country Report*.

  - The relationship that defines the UNDP-government partnership[94] is also seen as an obstacle to transparency and to donor scrutiny.
  - A lack of clarity around UNDP's role in the programme is not new. The 2004 review of the UNDP led support to NACSAP failed to assess the role of UNDP as lead donor coordinator. However, an Embassy of Finland funded report[95] on proposals for the Phase II support noted the failure to address issues around UNDP's management of the programme as a weakness of the proposals for Phase II and recommended that the role of UNDP be clarified.
- Donors have found it hard to relate to the Good Governance Coordination Unit, a key executing agency for NACSAP. It is co-chair of the steering committee (with the PCCB) and is responsible for monitoring. It has lacked sufficient political clout and capacity to carry out its monitoring role however, leaving PCCB (and to some extent the DPP) in effect in the lead. This may partly explain the lack of buy-in from other implementing agencies and actors as well as donors.
- Unlike other working groups, the AC Network does not have joint funding attached to it, giving donors less incentive to attend to follow-up funds. Donor support to institutions that directly fight corruption remains fragmented. Even DFID and Norway's attempt to work together on support to AC institutions was also unsuccessful.[96]

5.23. In conclusion, while dialogue with the PCCB and the DPP has progressed over the evaluation period, it has remained more of a challenge to raise dialogue on AC to the political level. This became a priority of the AC Network, which contributed to recent successes principally using the GBS platform as a lever. This is further discussed in Chapter 7. It is worth noting that corruption was also raised in support of the AC Network's key issues, by the Heads of Mission in the EU Article 8 dialogue with the Minister of Foreign Affairs and the Head of the PCCB.

Donor monitoring and evaluation

5.24. Donors monitoring of corruption in Tanzania is relatively well institutionalised: for example, Denmark's AC Action Plan 2006 requires annual reporting on corruption and AC clauses to be inserted in all Denmark-NGO contracts. Annual Country Assessments over the period consistently report on the state of corruption in Tanzania and on Denmark's actions to address it. Similarly, an assessment of Tanzania's fight against corruption has been reported annually in Sweden' s country annual reports. And, as already mentioned, DFID assesses the risk of corruption as part of its Fiduciary Risk Assessments.

5.25. As well as being committed to combating aid misuse and work towards the Paris Declaration Principles of donor alignment and coordination, donors must demonstrate commitment to results-based management.

94 The UNDP operates according to the principles and values of the United Nations. That means respecting each country's control over its own future. This can lead to a perception from those donors that seek to influence partner governments more overtly, that the UNDP relationship with government is too close to be helpful to the larger donor group.

95 Hellsten, S.K. and Tumaini-Mungu, P. 2005 *The study of the UNDP coordinated Phase II programme proposal of the project 'Strengthening Capacities to Combat Corruption in Tanzania' (SCCCT): Combating Corruption through Strengthening Good Governance Mechanisms (CCSGGM)'.*

96 An intention by DFID and Norway to co-finance support to the AC institutions led to them commissioning a joint review in 2008. When Norway decided not to go ahead, DFID went on alone to develop the TCP.

5.26. The results-based commitment to AC has been relatively weak at programme level. With the exception of the commercial court component of the BEST programme, none of the core governance reform programmes have been monitored on measures of corruption and have lacked baseline data. Indicators tend to be activity (rather than outcome) based.[97] Programmes are monitored on an annual basis, with independent evaluations and appraisals undertaken. In the case of the PFMRP, PEFAR assessments have also been undertaken to measure progress, but no PEFAR indicator specifically monitors corruption.

5.27. Donor support for developing nationwide AC indicators has been more significant. The GBS PAF contains AC indicators and action-based indicators from the Mkukuta M&E matrix, which includes specific performance indicators on corruption to measure the outcome "*instituting effective regulations and mechanisms regarding petty and grand corruption*" (see Chapter 7.)

5.28. Since taking the chair of the AC Network in 2008, Sweden has also introduced assessment criteria for assessing progress of the underlying process of AC and agreed these with the government counterparts as part of the GBS dialogue. In addition, an M&E framework has been promoted by Sweden in the GBS dialogue, and this has also been developed by PCCB linked to following progress of NACSAP II, finalised in June 2010.[98]

5.29. The M&E Framework for NACSAP II was under development at the time of evaluation. It will be used to improve the effectiveness of AC efforts and potentially to identify and monitor performance indicators to be used in the GBS dialogue. The framework will enable monitoring of both grand and petty corruption and, although indicators will focus on measuring the performance of government ministries, departments and agencies (MDAs), it will also include indicators for the private sector, civil society and donors.[99]

5.30. Not all data has been of good quality in the area of governance. The methodology of PETS has been questioned and disputes left unresolved.[100] That data remains sparse, incomplete and irregular is equally challenging: Monitoring reports in Tanzania include annual Mkukuta implementation reports; surveys and census; poverty and human development reports; public expenditure reviews; budget execution reports; PETS; and sector programme reviews. Most of these reports are scheduled to follow an annual cycle. In practice, this has often not been the case, owing to capacity constraints and lack of regular donor support. Although there is a host of relevant publications in Tanzania[101], the absence of accurate and consolidated information is perceived to be one of the major challenges for measuring progress in reducing corruption in the country.[102]

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97 For example, the number of audits undertaken and external scrutiny through parliamentary committees. Norad. 2009; PEFAR Report. 2005.

98 Sweden (and later UNDP) financed the development of the framework. The work is at a final stage and a draft report is available at the PCCB website. The work was due to be finalised by July 2010.

99 PCCB. 2009. *NACSAP II: ToR for M&E Consultant*.

100 Sundet, G. 2007. *Public Expenditure Tracking Surveys: Lessons from Tanzania.* U4. Retrieved 13 may 2011 from www.cmi.no/publications/file/2812-public-expenditure-tracking-surveys.pdf. It remains to be seen whether a recent PETS in the Education Sector, (Claussen, J. and Assad, M. J. 2010. *Public Expenditure Tracking Survey for Primary and Secondary Education in Mainland Tanzania.* United Republic of Tanzania, 8 February 2010) is more robust.

101 For example, from the NAO reports, donor reviews/audit reports, in-depth case studies (procurement, taxation, water schemes, education and health sectors, etc.), citizen surveys, investigative journalism, court cases, parliamentary inquiries, etc.

102 AC Working Group. 2008.

Concluding comments

5.31. In conclusion, donors in Tanzania have remained committed to the Paris Declaration principles of alignment, coordination, and result-based management. Outside GBS, their approach to corruption has nonetheless been poorly coordinated, whereas their move to increasing aid volumes in the public sector has visibly increased the risk that their money could be linked to public sector misuse. Whether this approach was appropriate hinges on whether the governance and AC programmes supported by the four commissioning donors have been effective in strengthening systems and fighting corruption. This is further discussed in the following Chapter.

6. Effectiveness of selected programmes

Summary of key points of effectiveness of selected programmes

Establishing preventative AC policy and practices

- Donor support to PCCB has been useful, but more support in technical expertise and knowledge is needed. This will require an improved relationship between PCCB and donors. These needs are being targeted by DFID's Tackling Corruption Project.

Dealing with corruption in the public service – support to oversight bodies

- Significant gains have been made in the performance of POCs and the NAO, with domestic events such as strengthened legislative frameworks, mandates and leadership being key to success.
- Donor support to the reform process has been timely and appropriate

Participation of society

- Civil society and the media have played an important role in holding the government to account, not only in grand corruption cases but increasingly at the local level. Donors have supported them.
- CSOs' dependency on donor funding and an urban bias are issues of concern, however, in relation to accountability and sustainability although the trend towards greater coverage in rural areas is positve.
- A useful entry route to building accountability at the local level is through CSOs active in the social sectors or economic sectors that impinge on ordinary people's lives.
- Donor support to CSOs has enabled them to have a stronger advocacy role e.g. bringing public interest cases to increase transparency and accountability, and to become more influential in legal sector reform.

Dealing with criminalisation and corruption in the judiciary and prosecution sectors

- The LSRP is largely dysfunctional and is perceived by some to have harmed national AC efforts.
- Corruption within the judiciary remains a key constraint both to effective operation of the sectors and to donor support.

Introduction

6.1. This Chapter examines the effectiveness of donor AC efforts in selected programmes in Tanzania. These selected programmes are concerned with donor support to key institutions, namely PCCB, NAO and the parliamentary account committee; donor support to civil society organisations; and (notwithstanding their weak relevance to the fight against corruption, as discussed in Chapter 4) donor support to the justice sector. This chapter concludes on key aspects of donor support that can contribute to an effective fight against corruption.

Support to Prevention and Combating of Corruption Bureau

6.2. The PCCB is the key institution in the GoT's fight against corruption, its mandate[103] being to advise and review the practices and procedures of public, parastatal and private organisations; to facilitate the detection and prevention of corruption; to work with international institutions, agencies or organizations in the fight against corruption; to investigate and, subject to the directions of the Director of Public Prosecution (DPP), prosecute corruption offences; and to educate the public and enlist their support to fight corruption. Commissioning donors' support is aimed at strengthening PCCB, from Sweden's support to the development of an M&E Framework for NACSAP to Norway's financing of cars and surveillance equipment[104]. This support has been valuable but not sufficient to address the key (acknowledged) challenges that PCCB has faced over the evaluation period.

6.3. PCCB independence, and that of other key AC institutions, is potentially compromised by the fact that it reports directly to the President[105]: For example, the credibility of the PCCB suffered when it gave a clean bill of health to a government deal ('Richmond' – see Box 3.1), which was subsequently alleged to have involved corruption. The PCCB benefits from the strong leadership of its executive director, a positive attribute but also one that has caused concerns (amongst development partners at least) that the Bureau and its role may become too closely associated with just one individual, and thereby find itself politically vulnerable.

6.4. The PCCB has had some high profile successes. For example in November 2009, the PCCB arrested five suspects in a case involving theft of US$77m in taxes paid by the Tanzania Telecommunications Company Limited, to the TRA. But success in concluding grand corruption prosecutions has so far eluded it. A high profile conviction for abuse of office was under appeal[106] at the time of evaluation, but otherwise, there has not been a single instance of successfully concluded grand corruption prosecution since independence in 1961.[107] This failure is only partially attributable to the PCCB. Poor coordination between AC institutions has also inhibited PCCB's performance,[108] together with chronic underfunding from government.[109]

6.5. Finally, PCCB's operational constraints also stem from its limited technical expertise to handle complex issues. However, PCCB has not been ready to accept the donors' proposed technical expertise (other than the technical support offered by the MCC). The reasons for this appear to relate to an inadequate shared understanding of the needs of the PCCB. Development partners acknowledge this and are entering dialogue with the PCCB in order to effectively develop a renewed relationship of technical assistance.

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103 Under the Prevention and Combating of Corruption Act 2007
104 Support to PCCB in Grand Corruption Investigations 2008
105 AC Network. 2008.
106 In May 2010, Amatus Luyimba, former Bank of Tanzania Director of Personnel and Administration, was convicted by Kisutu Resident Magistrates Court of abuse of office and sentenced to 2 years imprisonment. He has lodged an appeal against his conviction.
107 AC Network. 2008.
108 The Executive Director of the PCCB has pointed to the DPP and the judiciary as blocking the prosecution of, in particular, grand corruption cases (presentation by Dr. Hoseah during GBS Annual Review 2009).
109 In the financial year 2007/2008, for example, PCCB received Tsh 9.6bn, approximately 35% of the funds requested. The Ethics Secretariat received approximately 60% of the funds requested (equivalent to Tsh 1.2 bn) the Public Procurement Appeals Authority received approximately 50% (equivalent to Tsh 400m). DFID Tackling Corruption Project, Project Document February 2008.

6.6. DFID's Tackling Corruption Project (TCP) seeks to address the PCCB's constraints to enable it to more effectively tackle grand corruption. It is focussed on strengthening the legal and judicial aspects of the fight against grand corruption by supporting front line anti-corruption institutions: the PCCB, the DPP, the Ethics Secretariat and the Public Procurement Appeals Authority to improve the operational technical capacity both within and between institutions; for example improving case-docket management systems, electronic surveillance and other IT systems, and inter-agency database management systems; with targeted international expertise envisaged to assist in investigation and prosecution leading to the development of a twinning relationship with parallel UK institutions in phase II. The Project was demand-driven: developed and implemented in close collaboration with PCCB.

Support to oversight bodies

6.7. As explained in Chapter 3, the NAO and Parliament played a role in investigating major cases of grand corruption involving state resources in 2007 and 2008, demonstrating an important change towards increased accountability. This is reflected in PEFAR assessments, which scored Tanzania D for external auditing in 2004, gradually improving to D+ in 2005, C in 2006, and C+ in 2007 and 2008.

6.8. In part thanks to donor support, the NAO's performance has steadily improved over the review period: The audit reports presently cover all MDAs and local government agencies, and the NAO met its deadline for the production of audit reports for central and local government for the first time in 2006 (FY 2004/05), with timeliness continuing in the following years.

6.9. Steady progress has also been made in strengthening NAO management and leadership. As a result, the NAO is now regarded as more professional and broadly in line with international audit standards (Level 1 of AFROSAI-E capability model)[110] with full compliance (Level 3) expected to be achieved by 2010.

6.10. The appointment of a new C&AG, Ludovick Utouh, in 2006, has been a key factor behing the NAO's success: That the President appointed a C&GA with the right skills, experience and seniority also showed a positive policy climate for the NAO. Yet, the most significant achievement over the evaluation period was the enactment of a new Public Audit Act in 2008 giving the NAO full statutory independence from the executive.[111] While still appointed by the President,[112] the C&AG now has full financial and managerial independence. Importantly, the new Act makes it compulsory for the government (MoFEA and other MDAs) to submit structured responses to the NAO annual reports.

6.11. Similarly, in 2007 and 2008, there were significant improvements to the institutional and legal framework of Tanzania's parliamentary committees. New standing orders were introduced in late 2007 to strengthen the power of Tanzania's

110 The AFROSAI-E arose from a resolution taken by the Auditors-General of AFROSAI-E in May 2001. This model has five levels of capability Level 1 – The Setting-up level: Level 2 – The Development level; Level 3 – The Established level; Level 4 – The Managed level; Level 5 – The Optimising level.

111 Under the 2001 Public Audit Act, the NAO's resource allocation was determined by the MoFEA (an auditee); MoFEA appointed the external firm in charge of auditing the NAO accounts; the NAO was not fully autonomous in hiring and remunerating its staff; and its annual audit reports were not presented directly to parliament, but passed through MoFEA.

112 This will require a constitutional amendment.

Bunge (Parliament), encourage greater parliamentary debate and enhance the oversight function of Parliament.[113] Public hearings were institutionalised during committee sessions and, very significantly, Public Account Committee (PAC) reports began to be debated in parliament and made available to the public.[114] This has unleashed parliamentary activity in Tanzania and there are now signs that parliamentary committees have started playing a more assertive role in the scrutiny of public expenditure.

6.12. Furthermore, the PAC is now reviewing C&AG reports on time, and was commended for taking to task all accounting officers that had not performed. This contrasts with previous years when serious delays with PAC reports occurred after the new parliament was elected in 2005, and in none of the ensuing years did the PAC issue its reports within 12 months of the NAO's reports submission date.

6.13. The above shows that domestic events are the key ingredients behind improvements in oversight bodies' performance. Key ingredients for success include:

- Strong leadership by key-reform individuals;
- Changes to the legislative framework that regulate the oversight bodies;
- better public reporting and media coverage
- good working relationships between the NAOs and parliamentary committees[115];
- a more responsive and accountable government.

6.14. Donor support can nonetheless help. According to an independent evaluation in 2008, there is clear evidence that the Swedish Project has assisted the NAO in making considerable progress: including strengthened financial and performance audits, enhanced independence, strengthened PAC and Local Authority Accounts Committee for enhanced impact of audit reports, improved Information Technology, organisational structure, salary incentives and office accommodation development.

6.15. Looking forward, there is clearly scope for further donor support : for example, the NAO needs to strengthen the quality of external audits and to move towards performance (value for money), forensic and procurement audits. This will require new multi-disciplinary audit staff as well as further training and use of the computer software.[116]

6.16. However, donor value added goes well beyond that of providing financial, technical or capital support. The Tanzania country case study shows that donor contribution to the reform process has been the greatest when the following entry points were combined :

- Providing essential infrastructure: The timely production of audit reports would not have happened without the use of computer-assisted audit tools, funded by donors.

113 The new standing orders require three POCs to be headed by MPs from the opposition.
114 Previously PAC reports were tabled but not discussed.
115 NAO has provided training to POC Members of Parliament (MPs) on issues ranging from procurement law to the Finance Act and has also briefed them on all NAO reports. The PAC described the C&AG as a 'box of knowledge'. In return, POCs supported the C&AG in establishing the new Audit Act.

116 At the time of the country visit, the NAO had yet to receive a full list of parastatals operating in the country.

- Providing traditional technical assistance: The NAO Sweden engagement shows that long-term technical expertise can help to support institutional capacity building through a range of activities, from producing audit manuals to training and strategic advice.
- Dialogue with government and assessment linked to GBS (see Chapter 7)[117]:
- Initiatives to strengthening horizontal linkages between key oversight institutions.

6.17. A coherent approach linking donor support to NAO and Parliamentary Committees with other areas of public financial management reforms is also needed: According to the C&AG, key issues include:

- partial compliance with the International Public Sector Accounting Standards – cash basis of accounting
- non-compliance with the procurement laws and related regulations
- weak internal control systems over management of assets, control of cash and revenue collections
- non-implementation by the executive of previous years' recommendations.

Support to civil society, including demand-side of justice[118]

6.18. CSOs in Tanzania have been slowly developing over the last 20 years, and donors have played an important role in this process. Dependency on donor funds is high.[119] By way of contrast, faith-based organisations raise substantial funds from their congregations to fund, for example, clinics, health centres and educational institutions, though there is high dependency on funding from non-Tanzanian sources.[120] Partnerships with local faith-based organisations have a high potential for effectiveness through their large grassroots membership, networks, legitimacy and political access.[121]

6.19. The downside of substantial donor funding to CSOs is the lack of sustainability, predictability and questions over independence and accountability. The question of accountability is particularly pertinent with most CSOs still being based in urban centres, with little interaction with people in rural and hard-to-reach areas, though there are exceptions.[122] It is also worth noting that attempts to set up a Transparency International Country Chapter in Tanzania fell through in 2009.

6.20. Social accountability monitoring at the local level through CSOs holds some promise of success for the monitoring of donor and public funds. Haki Elimu piloted the method in two districts in Mwanza region looking at the spend of donor funds through both projects and baskets. At least one example of misspent donor funding was identified, successfully followed up by the community and remedied.

6.21. All four commissioning donors have also provided support to the media. The Media Council has been active in putting forward the media's own proposals on the

117 The GBS PAFs used the NAO's plan to reach level 3 of the AFROSAI-E capability model by 2010 as a main outcome indicator. The passing of the new Audit Act was the single condition for the Danish variable GBS tranche 2009/10.
118 See Annex 7 for a description of commissioning donors' key support to CSOs and the media.
119 The FCS, for example, received 100% of its funds from donors (and 70% from only three donors) from 2005-08, failing to meet the expected 8% of funds from local sources over the period. This high level of donor dependency is passed on to the CSOs that it funds.
120 Interviews with Assistant Bishop of the Lutheran Church in Moshi and the Ministry Director of the Voice of Victory Ministries, February 2010.
121 Tembo, et al, 2007.
122

Right to Information Bill and the Media Services Bill that have been discussed in parliament. There has been little progress, however, despite additional pressure from donors and civil society indicating 'strong political resistance'[123] to strengthening the role of the media.

6.22. The increasing success of the media and civil society in holding the government to account, particularly in the recent grand corruption cases, has been noted in Chapter 3. They are also strengthening demand at local level. The 2009 Annual Review of funding to Haki Elimu found that its Friends of Education initiative has over 30,000 members who have been successful in "enabling communities to be able to raise and demand changes from local government officials to improve the quality of education provision at the grassroots level." The Media Council's press clubs (now present in every district of Tanzania) seek to enhance the grassroots demand for accountability by bringing the perspectives of the poor into the mainstream media.

6.23. The elite in urban areas predominantly drives increased demand for accountability[124] and also tend to dominate the CSO sector.[125] From 2005 to 2007 most grants approved by FCS[126] were to CSOs in Dar es Salaam and three other regions with large urban centres.[127] The FCS has had more success in networking CSOs with regional networks established in all regions.

6.24. The trend for greater coverage of rural areas is positive, however. The 2009 Annual Review of the FCS found that all regions were covered by approved grants and that it is "the only grant-making institution reaching small to medium sized CSOs in Tanzania."

6.25. Social sectors or other sectors that impact directly on the lives of the poor provide a useful entry point for the strengthening of accountability relationships.[128] Commissioning donors support CSOs in social sectors, Haki Elimu and Twaweza, for example. Communities monitor the implementation of the Primary Education Development Programme and demand accountability of school heads and local government. Haki Elimu has carried out PETS, supported investigatory journalism on local education issues and was found by the 2009 Annual Review to be "delivering and is on a positive trajectory to achieve all of its outputs." Commissioning donor's support to CSOs in the natural resources sector may be a successful route to target accountability at the local level: Norway's Oslo based funding of the World Wildlife Fund Tanzania has already seen successes through its networking of CSOs and CBOs to increase the demand for transparency and accountability in natural resources at the local level.[129]

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123 Embassy of Sweden Tanzania. 2009.
124 Embassy of Sweden Tanzania. 2008.
125 Cooksey, B. 2010. *Can Aid Agencies Really Combat Corruption? An Overview of Donor Policies and Practices in East Africa*. Paper presented to the III Anchorage-Net Meeting, ICL-UL Lisbon, 18-19 May 2010.
126 Both in numerical and value terms.
127 Morogoro, Kilimanjaro and Dodoma regions. Access to information seems to be a key factor behind this urban bias. Similarly, in its Strategic Plan (2005-08) the FCS had an objective on making information on government policies available to a wider public via CSO networks and establishment of information centres at national and regional levels. Findings show that an information centre was established at national level (100% actual performance) but none was established at the regional level (0% actual performance).
128 Tembo, et al. 2007.
129 For example, in June 2009 it held the first of what will from now on be an annual meeting with the Parliamentary Standing Committee on Environment and Natural Resources

6.26. Similarly, donor support for the legal sector demand side has also been relatively effective. Denmark supported the Law Reform Commission and Commission for Human Rights and Good Governance until 2006, when support to these bodies was subsumed under the LSRP. Denmark's 2006 Country Assessment reported "The project has performed well with a strong focus on research and review on various legislation including laws relating to corruption and corruption in elections (takrima)."[130]

6.27. Funding has also been provided to legal sector CSOs with a role beyond direct provision of justice to the poor, who are playing a growing role as watchdogs and advocates for reform with respect to the legal sector, government and law-makers. Despite their heavy dependence on donor funds, CSOs appear to be increasingly influential in the legal sector reform process. The Ministry of Justice has recently begun an initiative to improve the liaison of the Legal Aid Department with CSOs providing legal aid. It is also consulting with CSOs on the development of a law governing paralegals.

Support to Legal Sector Reform Programme

6.28. Efforts to reform Tanzania's legal system have been ongoing for over ten years. Donors have supported legal sector reforms with two consecutive programmes: the Quick Start Project, which was launched in 2000; and the LSRP, which was launched in 2006. Both were in line with – and aimed to support the implementation of – the Medium-Term Strategy (MTS), a strategic document that was developed and subsequently revised twice after a legal sector task force was created in 1993.

6.29. The Quick Start Project was launched in October 2000 but implementation did not begin until July 2002. The original time frame of 20 months was extended and the project ended at the end of 2004. The results were disappointing and failed to kick start the LSRP. Lessons learned included the high transaction costs of establishing what was one of the first basket funds, the lack of knowledge and skills in relation to legal sector issues amongst government and donors, over-optimism, lack of coordination and ownership in the sector and inadequate monitoring (there was no baseline data against which to measure results).

6.30. The LSRP has also produced disappointed results. Overall, the LSRP has not demonstrated progress in achieving its outcomes. By 2009, only 21% of the original target outputs had been either fully or substantially achieved. In the majority of key result areas, progress was assessed as unsatisfactory.[131]

6.31. The World Bank, the Canadian International Development Agency (CIDA) and Denmark currently fund the programme. Before withdrawing in 2008,[132] Sweden

130 *Takrima* is Kiswahili for 'hospitality'. In the context of electioneering it has come to mean hand-outs of cash, food and other items by political candidates to the electorate.
131 LSRP. Mid-Term Review 2009.
132 The withdrawal from LSRP was a result of the implementation of the Paris agenda and the JAST process. The decision was taken by the Swedish Government in 2005 to concentrate to fewer areas of cooperation and a decision was made to phase out from the legal sector in Tanzania by end of 2008.

delayed payment due to poor results and reporting.[133] Donors, including Denmark were currently considering their future commitment.[134] Continued funding is, however, likely from Denmark as a result of Denmark's global priorities.[135]

6.32. Donors recognise that they are sustaining a programme that is, at present, dysfunctional. Problems with the LSRP include:

- **Limited strategic engagement by donors:** Micromanagement by donors has been a feature of the LSRP throughout its life, due to weak reporting and financial management by implementing partners.
- **Difficulties absorbing funds and lack of prioritisation:** With promised funds from GoT slow to materialise and donor support reducing, limited funds were spread more and more thinly.[136]
- **Weak M&E:** There has been no effective monitoring of progress in the sector against a baseline. The 2008 LSRP Annual Review comments "*There is no analytical approach for reporting how LSRP activities deliver outputs which contribute to short, medium and long term outcomes."*[137] The Mid-Term review confirms this finding stating: "*It is not feasible to establish a linear relationship between specific outcomes and impacts of the LSRP to date*."[138] An M&E framework is now in place.
- **Limited government ownership:** The LSRP was the only institutional reform programme with a cash commitment from the GoT but disbursement of government funds has so far been disappointing, with only one third of committed funds disbursed over the three years from 2006.
- **Limited coordination in the sector:** Coordination between institutions in the sector has been poor. As was noted by CIDA in the lessons learned from the Quick Start Project, "*This lack of clarity of roles and responsibilities is exacerbated by the nature of the legal sector itself. Unlike the health or education sectors for instance, the legal sector involves a number of different agencies … many of which had little previous experience working together.*"
- **Relationship between the executive and the judiciary:** The judiciary in particular, is seen as an obstacle to reform in the legal sector.[139]

6.33. Overall, there is little or no evidence that the LSRP has contributed to AC efforts in Tanzania. Some donors believe that the dysfunctional nature of the LSRP may even have harmed national efforts. Whilst a clear focus on AC was never part of the LRSP, plans within it for example, to improve case-load management, train the judiciary, strengthen investigation and prosecution and support the work of the Ethics Secretariat, are necessary steps both to strengthen the role of the criminal justice system in AC and fight corruption within it. Notwithstanding disappointing performance under the LSRP, there have been some hopeful signs:

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133 Sweden did not disburse in 2007 due to *"non compliance with the agreed MOU including Tanzania's low financial allocation to the programme; lack of detail in the financial and progress reports as well as the lack of monitoring and evaluation systems*." Embassy of Sweden Tanzania. 2007. *Country Report*.

134 This was correct at the time of the country visit in January 2010. In April 2011, Denmark provided the consultants with an update: "*The LSRP was restructured in 2010 in order to address its challenges. Denmark is not considering changing its support to LSRP*".

135 Denmark's continued funding to the sector is likely to be supporting an 'LSRP II' as well as supporting legal sector NGOs through a dedicated legal services basket fund.

136 Since the time of the country visit, UNICEF has joined the basket and the EU is reported as considering joining.

137 LSRP. Annual Review June 2008.

138 LSRP. Mid-Term Review 2009.

139 As the lessons learned from the Quick Start Project notes: "*Further complicating efforts to establish a sector wide approach in this particular sector is the relationship between the government and the judiciary. Good governance promotes a judiciary that is independent from the Ministry of Justice, whereas for the functional purposes of establishing a legal sector wide approach these two have been brought together."*

- There has been progress in reduction of delays and backlog in the courts.
- Recent initiatives to improve salaries and living and working conditions for legal officers may have an impact in the longer term, though morale is still low.
- Strong leadership has taken forward the civilianisation of the prosecution service and the improvement in the morale and professionalism of prosecuting officers.
- Court statistics are now available to the public (but are out–of-date and there are doubts over their accuracy due to poor record-keeping).
- The new M&E framework[140] contains indicators to measure increased transparency and reduced corruption in the sector.

6.34. The above shows that a stronger focus on internal governance issues within the legal sector can help. Yet, the legal sector continues to remain under-funded compared with other sectors, Corruption being cited as one of the reasons why most donors have limited their engagement with the sector. Furthermore, the failure of the LSRP to delivery results and the increased interest of donors and the Tanzanian public in the prosecution of grand corruption has led some donors to target specific legal sector institutions involved in the fight against corruption direct and not to join the LSRP.[141]

Concluding comments

6.35. Chapter 6 shows that donor-supported programmes of relevance to the fight against corruption have been relatively effective in strengthening selected AC institutions. It also confirms that strong leadership and inter-agency partnerships are key in ensuring some results. Much of donors' positive contribution will depend on their ability to influence the policy environment in which they operate and/or their ability to concentrate their efforts where the policy environment is conducive. Donor success through dialogue is discussed in greater detail in Chapter 7.

140 United Republic of Tanzania. Legal Sector Reform Programme 2009.
141 For example DFID's recent Tackling Corruption Project seeks to strengthen specific institutions key to the criminalisation of corruption, including the DPP and Norway's support to the PCCB has included the Financial Intelligence Unit, which deals with money laundering.

7. Tackling corruption through general budget support

Summary of key points on tackling corruption through GBS

- Dialogue with the GoT on corruption issues in connection with the provision of GBS has increasingly provided the platform for donor AC efforts over the evaluation period with donor focus in dialogue primarily on the prosecution of grand corruption.
- GBS has been effective in coordinating joint donor action on corruption, signalling to the government key AC issues to be addressed and acting as a forum for dialogue between the government and donors
- Where there has been political will, GBS has been an effective mechanism for pushing forward reform.
- By using PAF actions and outcome indicators drawn from sector programs and national strategies, GBS supports the overall context for AC activities and has promoted donor alignment with GoT strategies.
- Donor dialogue with GoT in the context of GBS has focused on the prosecution of grand corruption cases, in particular in relation to EPA. Petty corruption has not specifically been addressed through the GBS process nor has there been a focus on the impact of corruption on the poor and women.
- Fiduciary risk assessment and AC M&E have been problematic due to inadequate indicators, information and instruments.

Introduction

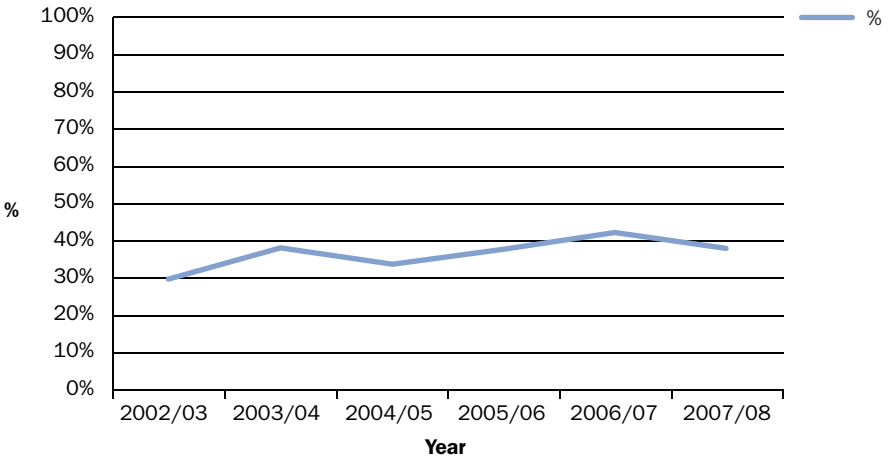
7.1. In accordance with our ToR, this Chapter considers the relevance and effectiveness to donor AC efforts of a sector not dealing specifically with AC. GBS was selected as the non-AC sector in Tanzania.

7.2. GBS, in the form of un-earmarked, direct support to the GoT budget, has been given since 2001. It has seen two phases designed to support Tanzania's poverty reduction strategies (PRS 2000–04 and Mkukuta 2005–10). Each phase has a PAF and a Partnership Framework Memorandum.

7.3. The number of GBS donors grew from nine[142] in 2001 to 14[143] in 2009 and the volume of GBS increased rapidly over the evaluation period from 30% in 2002/03 to 40% in 2008/09[144] (see Figure 7.1). It is probable that the 2010/11 level of GBS will fall as some donors plan to lower or stop their commitments.[145]

142 Denmark, the EU, Finland, Ireland, the Netherlands, Norway, Sweden, Switzerland and the UK.
143 The African Development Bank, Canada, the EU, Denmark, Finland, Ireland, Japan, Germany, Netherlands, Norway, Sweden, Switzerland, UK and the World Bank.
144 GBS Annual Review 2008. The figure for 2007/08 is lower than 2006/7 as there was a relative increase in project support partly due to the entry of the MCC and USAID.
145 The Netherlands has decided not to give GBS in the future, while some other donors, such as the World Bank are considering lowering their commitments. This is primarily due to disappointment with the GoT economic performance and management of the economy.

Figure 7.1: General budget support as percentage of total aid as recorded in the government budget



Source: Sida. 2008. General Budget Support to Tanzania: An Assessment Memorandum.

Relevance of General budget support to anti-corruption efforts

7.4. The approach of GBS donors to corruption has changed over time, with the fight against corruption currently addressed more specifically than it was at the beginning of the GBS process.

7.5. The first Partnership Framework Memorandum makes no explicit reference to AC. In contrast, one of the five partnership principles[146] of the 2006 Memorandum is related to corruption and commits the GoT to: "*Good governance, accountability of the Government to the citizenry, and integrity in public life, including the active fight against corruption.*"[147]

7.6. The addition in the 2006 Memorandum was in response to a reflection on the experience of GBS following two reviews[148],[149] and was also a response to increasing donor concerns at headquarter level.[150] Bilateral agreements concluded since 2006, have also dealt more specifically with corruption:

- DFID: A pre-requisite for GBS is the GoT's commitment to "*improving public financial management, promoting good governance and transparency and fighting corruption*".[151]
- Denmark: GBS can only be given if the government is committed to efforts related to "*anti-corruption with implementation of prevention and control measures, as well as follow-up with a view to improving the country's standing in the international corruption league table*".[152]

146 Partnership principles are pre-requisites for GBS. A breach means that budget support will not be disbursed.
147 MoFEA. 2006. *Partnership Framework Memorandum Governing General Budget Support (GBS) for Implementation of Mkukuta.*
148 ODI et al. 2005. *Joint Evaluation of Budget Support, Tanzania; 1994-2004.*
149 Gerster, R. and Mutayahwa, R.G. 2006. *Annual Review 2006 of General Budget Support.*
150 Sida headquarters guidelines, for example, now include five criteria which have to be met if GBS is to be given and one of the additional criteria (up from 3) relates to corruption.
151 One of three principles. DFID. 2008. *Poverty Reduction Budget Support: A DFID Policy Paper.*
152 One of ten assessment criteria. Ministry of Foreign Affairs Denmark. 2007. *Guidelines for Provision of Budget Support*. September 2007.

- Norway: AC is specifically mentioned; *"in the dialogue with Tanzania, Norway will pay special attention to the areas of anti-corruption, revenue from natural resources"*.[153]

7.7. Similarly, GBS dialogue increasingly became the focus of donor engagement with GoT on corruption issues as part of the GBS annual reviews over the evaluation period. Corruption has been one of the four or five issues chosen to be discussed in depth at the GBS annual review from 2007 to 2009.[154] This type of forum for dialogue on corruption did not exist prior to GBS. Furthermore, the 2007-09 GBS annual reviews have been used by GBS donors to identify areas related to AC that require support. For example, DFID began support to the TCP following the identification of technical capacity deficits in prosecution at a GBS Annual Review.

7.8. The increased focus on AC was also mainstreamed in the PAF – the performance framework for GBS. It was initially foreseen that the benchmarks for GBS disbursement would be drawn directly from the PRS, however the definitions of actions and targets in the PRS were considered too general and numerous to provide a basis for monitoring progress, so the PAF was developed and agreed between the government and donors.[155] The number of actions relating to AC increased significantly over the period of the first PAF, which included actions to reforms in PFM, public sector reform and local government reform – plus actions related to the implementation of NACSAP.

7.9. Importantly actions requiring a minimum of five grand corruption cases to be ready for prosecution or dismissed for reasons made public were included in the 2008 PAF; and, a temporary process for the continued implementation of the EPA Action Plan was included in the 2009 PAF. Other indicators of relevance to AC included actions related to the passing into law and operationalisation of anti-corruption legislation. The 2005, 2006 and 2007 PAFs contained actions related to the passing of the PCCA, for example.

7.10. By contrast, there has been little attention paid to petty corruption in the GBS dialogue and PAF. There are also no AC indicators in the PAF that specifically take gender into account or that are directly related to the effects of corruption on poverty. GBS, however, may not be the most adequate framework for dealing with all corruption related issues, as it could soon become unmanageable.

Effectiveness of General budget support in relation to anti-corruption efforts

7.11. Achievement of the PAF actions is assessed annually and progress linked to the disbursement of GBS funds by donors. Some donors also use fixed and variable GBS tranches to provide increased focus and momentum in relation to targeted actions. For example, Denmark has a 20% variable tranche[156] that, each year, is tied to one specific indicator drawn from the PAF, related to a key area of Danish

153 Bilateral Agreement. November 2008.
154 In the 2007 and 2008 GBS Annual Reviews, corruption was one of the key issues and in the 2009 Annual Review, there was a closed-door (and public) session on corruption. The fact that more donors have joined the GBS process has contributed to the expansion of dialogue on AC
155 ODI et al., 2005.
156 2006-10.

focus, such as procurement, external audit and corruption.[157] DFID has a 10% variable tranche, and Sweden a 30% one.[158] Norway gives one tranche per annum and the decision to disburse is assessed according to a holistic view of performance in the PAF, as long as partnership principles have been met.

7.12. The EPA scandal dominated the 2008 GBS Annual Review, after which donors delayed making GBS commitments for 2009/10 until the GoT had drawn up an action plan to address the misuse of funds.[159] The EPA Action Plan was developed by the GoT to address the findings of the special audit following discovery of misuse of funds in the Bank of Tanzania External Payments Account (see Chapter 3). GBS payment resumed after donors acknowledged satisfactory progress towards its objectives.

7.13. Individual donors have also withheld variable tranches when performance in the area of accountability has been unsatisfactory. Denmark, for instance, delayed disbursement of its variable tranche until the revised corruption legislation was passed in 2008. Sweden also withheld a tranche related to corruption concerns. Other variable tranche indicators chosen by Denmark included: an audit bill being passed in 2008 and, in 2009, a corruption survey being completed by the PCCB.

7.14. The majority of GBS donors are agreed that GBS has been effective in dealing with the EPA corruption scandal and in signalling to the GoT that donors will not tolerate inaction on grand corruption cases.

7.15. GBS has also been an effective mechanism for coordinating joint donor action on corruption, signalling key issues related to corruption to be addressed and acting as a forum for dialogue. GBS has allowed corruption-related issues from sector level working groups to be raised in high-level policy dialogue; and, in contrast with the AC Network, GBS donors do share similar concerns through their joint funding modality.

7.16. The use of GBS as a lever to address grand corruption cases has evidently commanded the GoT's attention, due to the high proportion of GoT budget that it represents. For example, the Permanent Secretary in the President's Office responsible for good governance, gender and children participated in a discussion with donors on corruption at the GBS Annual Reviews 2008 and 2009. The Minister of Finance participated in dialogue on corruption with the GBS Troika in relation to the EPA scandal. PCCB was also a main GoT interlocutor during the discussion.

7.17. However, there are limits to the effectiveness of GBS and not all reform in all areas can be successfully addressed through this mechanism. The Joint Evaluation of GBS aptly remarks that:

157 Danish Ministry of Foreign Affairs. 2006. *Appraisal of Proposed Danish Support to Macroeconomic Reforms and Institutional Reforms in Tanzania*.

158 Sida changed their approach for 2009-12; the 30% variable tranche will comprise performance tranches, depending on performance and results related to PFM and local government authorities and a safety valve linked to the underlying principles or to other areas of under-performance highlighted in the GBS review where Sweden wishes to signal concern.

159 Normally, commitments are made within six weeks of the finalisation of the GBS Annual Review Report. The Review is usually held in November. In this instance, commitments were not made until April 2009.

The Tanzanian case demonstrates clearly that GBS and the related dialogue and policy conditions are unlikely ever to be more than a modest influence over the processes of public sector reform and institutional development. The key achievements of the last decade … were driven by a strong political will and by a powerful internal constituency for change. Conversely, in those areas where reform has been less complete, one can generally identify the lack of a consistent political direction as a key factor of causality.[160]

7.18. The most recent events largely confirmed this. In dealing with AC, GBS has been most helpful where the domestic environment was already supportive of the changes. GBS has the potential to give reforms a final push, when political will is already high; when domestic demand is strong and/or when there is a remnant of resistance within GoT to overcome. Examples are:

- The Political Parties Financing Act raised in the GBS Annual Review 2007, and since followed up by development partners as important to prevent corruption such as from parliament and the media in the case of EPA) in elections, was passed before the 2010 elections, as had been agreed with GoT.
- Strong pressure from parliament and the media to take actions in relation to the EPA scandal.
- The Public Audit Act that, although experiencing opposition from some parts of GoT, was successfully supported through the PAF.

7.19. By contrast, GBS cannot be so effective, where these conducive conditions are not present. A review of the GoT's assessed performance on indicators over the two PAFs shows a very mixed level of achievement.[161]

7.20. GBS limitations in promoting AC efforts are as followed:

7.21. Firstly, most PAF AC indicators are process actions, related to implementation and monitoring of AC plans and developing GoT structures and processes to fight corruption. This is because of their origin in governance reform programmes or the Mkukuta. Data quality has also been low.[162] Measures are underway to improve PAF indicators by choosing SMART[163] process indicators for the 2010 PAF. In 2010, the number of PAF process indicators was also to be reduced to ten (from 25 in 2009) to make the process more manageable.

7.22. Secondly, there is less coordination between the GBS donors and non-GBS donors in developing joint stances on corruption. Non-GBS donors are frustrated that most dialogue on AC now takes place in the GBS forum, rather than through the AC Network.

7.23. In addition, GBS has also not proved to be very effective in bringing civil society into the dialogue process. Since 2006, civil society has been invited to the GBS Annual Review, but this tends to be a formal event with a large number of participants and is donor orientated making it difficult for CSO representatives to engage. In addition, key documents related to the review tend to be available only late in the

160 ODI et al. 2005. op. cit.
161 See fuller treatment of this issue at Annex 8.
162 Sida. 2009. *GBS Assessment Memo*.
163 Specific, Measurable, Achievable, Reliable and Timebound.

process, which means that CSOs often do not have sufficient information to enable them to make meaningful contributions to the debate.

7.24. Thirdly, GBS has evidently been a flexible mechanism for dealing with corruption issues as they arise. Dialogue and the annual addition of process indicators to the PAF has enabled this responsiveness. However, GBS's scope for discussing grand corruption cases may not be sustainable over time. GBS dialogue between GoT and donors became evidently less effective in the years following the EPA scandal, which led to a breakdown of trust between the two. This was evidenced by a lack of high-level GoT representation at the GBS annual review.

7.25. Finally, the transformation of GBS annual review into a very large formal event, may hinder effective dialogue. Additionally, there is an argument that the perceived effectiveness of dialogue within the GBS and the change in funding modality to large basket funds has led to fewer informal bilateral contacts, thereby weakening the variety of avenues for dialogue on corruption.

Conclusion

7.26. In conclusion, GBS has increasingly become a relevant funding mechanism to support the fight against corruption, by enabling a balanced focus on improved PFM and targeted AC actions; indicating funding gaps in donor activities in relation to AC; and, providing a forum for policy dialogue on corruption. By using PAF actions and outcome indicators, GBS has served to reinforce the overall context conducive to AC activities and acted as an effective mechanism for coordinating donor dialogue on AC.

8. Conclusions

Introduction

8.1. This Chapter draws together broad conclusions from our evaluation of donor AC programmes in Tanzania.

Relevance of donor programmes

8.2. Concerns about corruption have grown over the evaluation period owing to grand corruption scandals, heightened media and civil society focus on the issue, evidence of misuse of donor funds, and worsening scores for Tanzania on international indices of corruption. In direct response to the situation, donor programmes have been developed with a more explicit AC focus and donors have adopted a variety of strategies, including:

- a more robust approach to corruption in GBS dialogue with the GoT, with a stronger focus on developing tools for effective M&E
- targeting support to key GoT institutions that fight corruption, such as the PCCB and DPP (e.g. DFID's TCP)
- targeting support to key GoT institutions seeking to prevent corruption – in particular the NAO and POCs
- re-focusing support to the demand side through strengthening civil society (e.g. Norway's re-focused support to the natural resources sector following the misuse of aid money).

8.3. Our mapping of donor programmes in Tanzania against UNCAC themes revealed their broad coverage and potential relevance to UNCAC. Despite this, there are some significant gaps. In particular:

- Many programmes relating to the private sector (such as BEST) and to political processes (such as the Deepening Democracy Programme) have failed to address corruption directly, despite the strong relationship in Tanzania between corruption, politics and business.
- Major governance reform programmes, such as the PSRP, the LGRP and the LSRP have not had a strong, explicit AC focus.
- Corruption has not always been acknowledged in the design of programmes to support key institutions known to be corrupt, such as TRA and the judiciary nor addressed in implementation.
- Given the strong focus in donor dialogue with the GoT on prosecution of grand corruption cases, it is surprising that there has not been a stronger linkage between donor AC efforts and the troubled LSRP. Effective prosecution of corruption cases requires a well functioning (and non-corrupt) legal system, including lawyers, prosecutors and judiciary.

- There has been only limited direct focus on corruption as it affects poor and marginalised people, including women. Assumptions that an increase in public spending to benefit the poor will automatically accompany improved AC efforts are not proven, although widely assumed. A recent study on the relationship between asset recovery and anti-money-laundering efforts and poverty alleviation and political accountability, for example, found little evidence to support such a link, particularly where there is a lack of political will.[164],[165]

8.4. Donor strategy to tackle grand corruption and work through improved governance and PFM was relevant to country circumstances. But to some extent, movement towards joint assistance has left donors more fragmented and less well coordinated over AC. The changing aid modalities over the period reduced the influence donor-funded programmes had on government institutions. The move towards basket funding modalities and the use of government systems, acted to distance donors from close contact with institutions, and weaknesses in the implementation of some programmes helped foster the so-called 'per diem' culture. The low level of attention to specific AC measures in governance programmes, coupled with a lack of agreement among donors about support to NACSAP probably helped delay the development of a dedicated AC Network, leaving GBS as the more effective discussion platform.

8.5. GBS has been the key platform for GBS donors to engage with the GoT on corruption and has provided a high-level framework for dialogue and monitoring performance. GBS has been effective in addressing aspects of selected grand corruption cases,[166] as well as putting extra pressure on the government to push for PFM reforms, including the new Finance Act.

8.6. But below that, donor AC initiatives have tended to be fragmented and lack coherence. NACSAP and the AC Network, which have the potential to provide the framework for donor harmonisation and alignment with GoT AC efforts, have failed to do so.

8.7. Despite its weaknesses,[167] NACSAP II can significantly contribute to a long-term sustainable AC strategy in Tanzania. NACSAP is a government policy, which was drafted under a participative process; and hence falls within donor commitments to align to countries' priorities. A key challenge is the limited data currently available as a basis for managing and adjusting the implementation of NACSAP II. There have been no systematic assessments at sector or agency level to identify and prioritise activities. The Norway- and DFID-funded review of the legal and institutional framework for implementation of NACSAP could help take this forward.[168]

164 In Zambia, for example, in return for their financial assistance to the Task Force on Corruption for the recovery of stolen public funds, donors did request the government to dispose and reallocate all recovered assets towards the country's PRS. This did not happen.
165 Nawaz, F. 2010. *Impact of International Asset Recovery and Anti- Money Laundering Efforts on Poverty Reduction and Accountability.* U4.
166 The list of issues in the AC Network's Key Issues paper that form the basis for a joint developing partners/GoT agenda in the GBS Annual Review has been revised in 2010 to reflect the need for more attention to petty corruption.
167 The recent Mkukuta institutional analysis (KPMG. April 2010. *Study to Assess the Extent to which various Government Institutional Reforms and Processes are Aligned and Contribute to the Implementation of MKUKUTA.* RCU and MoFEA Draft Final Report) points to the lack of strong vision due to its broad focus and main implementation issues of poor quality reporting, lack of M&E information and the need for capacity development of key oversight institutions.
168 de Speville, et al. 2008.

Effectiveness of donor programmes

8.8. In terms of **process**, overall donor efforts in relation to corruption in Tanzania have been broadly successful:

- **M&E:** The GBS PAF provides a high-level AC M&E framework aligned with Tanzania's PRS and GoT reform programmes under it. But the incomplete, and irregular nature of national data on corruption in Tanzania is a key challenge for M&E, and AC-related indicators in key GoT governance reform programmes remain largely weak and activity based.
- **Promoting a culture of openness, ethics and transparency:** In general, corruption has become significantly more openly discussed in Tanzania over the evaluation period. Attribution is difficult, but donors have certainly contributed to this openness through: their focus on grand corruption in their GBS dialogue with the GoT; their support to key oversight bodies, in particular POCs and the NAO; and strengthening CSOs whose stature and capacity has greatly improved (although most are still very dependent on donor funding). Although generally positive, the quality of donor dialogue with GoT appears to have worsened over the evaluation period, and become more adversarial, with donors pressing for results in prosecutions of grand corruption.

8.9. It is less clear whether donor efforts have been effective in terms of impact on corruption in Tanzania. As discussed in Chapter 3, international indices of corruption suggest that having improved over the beginning of the evaluation period, corruption (or at least the perception of corruption) in Tanzania worsened from 2006/07 onwards. Analysis of the scores suggests that the initial improvements may relate to improved outcomes in relation to petty corruption – to ordinary people's experience of corruption in their daily lives. This suggests that, despite weaknesses of government reform programmes, governance reforms may have begun to bear fruit over this period.

8.10. But towards the end of the evaluation period it is grand corruption scandals that dominate – illustrating on one hand depth of corruption within the Tanzania's political system, but on the other the ability of the system (NAO, Parliament, PCCB, CSOs and the media) to bring these issues into the open, and to keep them there. The prevalence of grand/political corruption is not inconsistent with improvements in governance and PFM at the operational level.

8.11. Donors have played their part in keeping corruption on the political and public agenda. It has been very clearly acknowledged by the PCCB, civil society and the media that the donor support for domestically-driven AC actions in Tanzania has been invaluable. But donors have been criticised in some quarters for not driving the AC agenda as hard as they could have done, and being too 'benevolent' towards the GoT.[169]

8.12. It must also be recognised that some donor initiatives have been counter-productive, in that they may have themselves led to increased opportunities for corruption and misuse of funds. A number of donor initiatives in support of essential

169 Hussman, K. and Mmuya, M. 2007. *Anti-Corruption Policy Making in Practice: Tanzania-A Country Case Study.* U4.

reforms, as well as being poorly effective in the latter years of the evaluation period, have led themselves to state capture and the misuse of funds. The most visible demonstration of this problem has been the documented misuse of Norwegian funds in the natural resources sector, where the percentage of programme budgets spent on workshops, training events and meetings provide many opportunities for fraud and misuse. Although the issue of allowances and abuse of training opportunities is prevalent in all forms of aid delivery mechanisms, its scale has increased with the shift to basket funds, at the same time as donors came increasingly to rely on the country's financial reporting systems to monitor their support.[170] A combination of weak work plans, slow procurement, pressure to spend and poor monitoring led to the situation where activities that give rise to personal allowances have become excessive and have led to concerns about misuse of funds.

> *…entire workshops can be faked, attendance lists can be falsified, fake receipts can be submitted, records can be falsified to inflate the volume of entitlements, allowances and per diems can be paid at a rate below what is reported and budgeted…*[171]

8.13. This is widely acknowledged by donors and government yet, as noted in 2009 by the Tanzania Policy Forum: *"Government bears prime responsibility for the persistence of the allowance culture, yet donors share a large part of the blame."*[172]

170 Paradoxically perhaps, given the larger sums involved, GBS donors are less directly exposed to specific cases of corruption. The fungibility of GBS – which is fully aligned to the country's PFM reporting and accounting systems – means that there is no way of tracing public fund mismanagement back to donor funding. The reputational risk, however, remains equally high, if not higher.

171 Chene, M. 2009a. *Low Salaries, the Culture of per diems and Corruption*. U4.

172 Policy Forum in association with Twaweza. 2009. *Reforming Allowances: A Win-Win Approach to Improved Service Delivery, Higher Salaries for Civil Servants and Saving Money.* Policy Brief 9.09.

9. Lessons

There is a need for better data

9.1. *Measuring corruption is problematic. Methods tend to be either* anecdotal or based on perception surveys. There is a lack of a smarter, more quantifiable way to measure and track corruption both within a country and for comparison between countries, that can be shared and agreed upon by both donors and partner governments. The fight against corruption in Tanzania has been hampered by the lack of an operational M&E framework for the GoT's AC Strategy. There is limited information on corruption trends in Tanzania let alone data on the impact of donor interventions. Performance indicators in the PAF tend to be process, rather than outcome orientated. National data on corruption is weak and underused. Better use could be made of existing information available from, for example, the C&AG and Public Procurement Regulatory Authority. International corruption indices are 'blunt instruments', requiring further analysis for an understanding of corruption trends at different levels in Tanzania. Grand corruption cases provide accessible and highly visible performance indicators, but a broader framework, better indicators and the development of more robust M&E instruments would be necessary to enable donors to develop a more comprehensive approach to fighting corruption in Tanzania.

What works and why?

9.2. In the absence of any hard data about project outcomes, no definitive judgements can be reached about the success of interventions in reducing corruption. But some lessons do emerge that can guide donor practice. The following lessons each contain examples of where something has worked and highlights contextual factors that have contributed to its success.

GBS

9.3. The political economy context is largely outside donor influence but nevertheless, donors can find success through identifying and capitalising on a conducive environment as and when it emerges. GBS dialogue can be most effective when used in this way.

9.4. Despite foreign aid financing a significant percentage of the GoT budget, donors have been shown to have little impact on the domestic political issues that drive reforms. As is noted by a recent United States Agency for International Development (USAID) governance assessment[173] donors' efforts can be constrained by a political economic system in which they are not a player:

173 USAID. 2010. *Tanzania Democratic Governance Assessment Report.*

…a formal development agenda, characterized by "visible" processes of institutional reform and capacity development, coexists with a less visible but determinative informal political economy, which largely determines the boundaries within which formal reforms take place, and serves to parry threats to the political and economic interests of the state elite.

9.5. It is not at all clear, for example, that conditionality on foreign aid has been effective[174] although the call for tougher conditionality remains popular with civil society and some donors.[175]

9.6. Donors can even inadvertently contribute to a reduction in political will to fight corruption. According to a 2008 evaluation[176] of World Bank support to public sector reform, the World Bank and donors became the drivers of AC in Tanzania during Mkapa's second term (2000–05). This contributed to reduce the political will for governance and AC reforms.

9.7. Donors have shown that they can make a difference, however, by responding positively and quickly to those reform areas where political will and strong Tanzanian leadership exist (see Chapter 6 and Chapter 8 for donors' effectiveness in supporting the NAO). Donor analyses are valuable in helping donors to better understand what factors influence domestic political pressures, how to identify individuals critical to effective support and how support can be most effective.[177]

9.8. In the right political environment, GBS can be an effective AC mechanism. Ongoing donor dialogue and continued focus on grand corruption through the GBS process have successfully played a role in supporting and strengthening domestic pressure from parliament, the media and civil society on GoT for action on grand corruption.

Support to AC institutions

Well-targeted and demand-driven technical assistance to key institutions in the fight against corruption can help.

9.9. As discussed in Chapter 6, Sweden's support to the NAO, including through the Swedish NAO, has been highly effective. Donors can partly attribute the increasing success of the NAO to this support. With the exception of technical assistance provided through USAID however, donor attempts to support the PCCB with technical assistance have not been as successful, demonstrating the difficulties in delivering this type of support. Both the USAID and Swedish technical assistance was provided on a twinning basis i.e. by institutions that were the professional peers of the Tanzanian institutions assisted. This appears to have been the key to their success.[178] In the case of the USAID assistance, USAID built on a prior professional relationship of mutual respect between the Executive Director of the PCCB and the New York City Department of Investigations. Opportunities for technical

174 Killick, 1998; White, 1999; Tarp & Hjertholm, 2000; Dollar & Svensson, 2000. The reluctance of some donors to *"compromise aid flows"* by agreeing meaningful conditions with partner governments and acting when they are not met, is a factor in the failure of donors to influence government reform in the absence of political will. Cooksey 2010.
175 Evaluation team interviews January 2009.
176 Independent Evaluation Group. 2008.
177 Hyden 2005. *Sweden's Power Analysis*.
178 This is recognised as such by DFID in the design of the TCP.

assistance may have been increasingly limited over the evaluation period by a reduction in donors' contact with and knowledge of government partner institutions concomitant with changes in aid delivery modalities e.g. increased GBS and basket funding.

Support to the horizontal linkages between AC institutions can be effective.
9.10. Chapter 6 describes the training that parliamentary committees received through the C&AG, and the corresponding support that then naturally flowed from this relationship, when the C&AG needed support on the new Audit Act. Donor support to this horizontal linkage between key AC institutions had the effect of strengthening this relationship to mutual benefit and towards the shared objective of fighting corruption.

9.11. DFID's TCP is now promoting a greater focus on links between the key AC institutions it supports: PCCB, DPP, Ethics Secretariat and PPAA.

The demand side

Donor support to the demand side – through parliament, CSOs and the media has been important.

- There have been successes, not where donors have been in the driving seat but where they have facilitated a process supported by public opinion (represented by parliament and the media).

9.12. The role of parliament, civil society and the media has been key in raising the profile of corruption in Tanzania and demanding action to address it. Donor funding – particularly of the media and CSOs such as Haki Elimu, NOLA and the LHRC, has had a part to play in this, contributing to building demand for more transparency in government including through strategic litigation and advocacy, albeit from a low base.

10. Recommendations for donors

Introduction

10.1. This Chapter draws together key recommendations for commissioning donors in relation to their AC initiatives in Tanzania. The focus is on increasing the relevance and effectiveness of AC efforts.

AC monitoring and evaluation

Develop comprehensive GoT AC M&E framework...

10.2. Although Mkukuta and the PAF contain AC indicators, both are high level, and neither is comprehensive. There is an urgent need for all donors to contribute to the ongoing process of the development of the NACSAP M&E Framework. To do this will require a fuller engagement with UNDP.

...linked with international initiatives...

10.3. The M&E framework that is developed needs to be holistic, and explicitly linked to NACSAP. It needs to include outcomes as well as activity based performance indicators; national and international measures of corruption; and indicators in relation to petty as well as grand corruption. The development of the M&E framework is an opportunity to consolidate linkages between Tanzania's domestic AC efforts and international AC efforts such as the Extractive Industries Transparency Initiative, the Construction Sector Transparency Initiative, and the Stolen Assets Recovery Initiative.

...and with GoT sector programmes

10.4. The M&E framework also needs to recognise that corruption is a cross-cutting issue, and attention needs to be given to incorporating AC performance indicators within the M&E frameworks of sector programmes – ranging from governance reform programmes to core service sectors such as health and education. Care will need to be taken in the design of the NACSAP M&E framework not to duplicate existing M&E processes, but to ensure that they adequately capture corruption and that robust processes are put in place to ensure that they are properly monitored and linkages made with NACSAP outcomes.

Commissioning donors need to support the development of NACSAP M&E instruments…

10.5. The developing M&E framework needs to identify means of verification for performance indicators, with instruments to gather data that are realistic, funded and comprehensive. Drawing on emerging international best practice, it should be possible to develop tools that are both robust, and realistic in the Tanzania context. These may include strengthened PETS; and Citizens' Report Cards/Community Score Cards.[179] Donors should ensure ongoing, regular and predictable funding of M&E instruments (such as PETS and future repeats of the National Governance and Corruption Survey) and support the increased use of existing information from, for example, the C&AG and the Public Procurement Regulatory Authority.

…including supporting disaggregation of data

10.6. This report has noted that a key gap in analysis and initiatives is the failure to address the impact of corruption on the poor and marginalised, especially women. All data gathered on the impact of corruption needs to be sex disaggregated to enable the extent of the impact of corruption on women in Tanzania to be assessed, and to enable appropriate responses to this issue to be developed. Women may emerge as an important constituency in the fight against corruption. Disaggregation of data on a socio-economic basis would enable similar targeting of AC work towards poorer Tanzanians.

NACSAP

Donors should support NACSAP

10.7. Donors should support NACSAP (see Chapter 8 for analysis and summary of findings). In particular they should address the leadership of donor and government implementation and monitoring. They should;

- strengthen support to the transparency and effectiveness of the GoT's monitoring role[180] to balance the roles of the PCCB and the DPP in the execution of NACSAP
- urgently find a way to work with UNDP as donor coordinator.

Strengthen reform of AC legislative framework

Address weaknesses in the AC legislative framework

10.8. The foundation for the successes achieved by the NAO, POCs and the PCCB were legislative frameworks that gave them enhanced independence and mandates. Weaknesses in the current AC legislative framework need to be addressed – in particular, where appointment and reporting lines lie directly to the President, rather than to parliament. In general, parliament is more directly accountable to the electorate than is the President. In the case of Tanzania, where the parliament has shown itself as increasingly able to hold the executive to account, the argument

179 See for example: Mjorkman, M., Reinikka, R. and Svensson, J. 2006. *Local Accountability.* World Bank.

180 Under NACSAP, this tasks falls to the GGCU and, at the time of the country visit, donor-funded technical assistance to the GGCU to assist them in their monitoring task seemed a sensible recommendation. In the light of the recent creation in the President's Office of a second unit to coordinate governance reforms, however, political support to the GGCU seems uncertain. Without political support, donor support is unlikely to be effective.

that reporting and appointment powers in key AC institutions should lie with parliament rather than with the executive is particularly strong.

Support reform of political funding system

10.9. Funding of political parties and election campaigns is a key driver of grand corruption in Tanzania (see Chapter 3 and Annex 6). Donor efforts on grand corruption have so far focused on the prosecution of grand corruption and on strengthening PFM. Consideration should now be given to engagement with the root cause of the problem. Donors should support implementation and enforcement of the newly passed Election Expenses Act (see Chapter 3), both through support to monitoring at grass roots level and through high-level political engagement.

10.10. Information on election campaigns and party funding in Tanzania is fragmented and anecdotal. There is a need for more knowledge and better understanding of the mechanisms to better target support to reforms. Donors should fund research in this area.

General budget support

Strengthen GBS as an AC tool

10.11. There is scope to strengthen donors' leverage on AC through GBS through developing more robust and predictable linkages between GBS and the GoT's AC efforts. In particular:

- provision of joint donor variable 'accountability tranche' of GBS linked to NACSAP outcomes and actions (following the development of a NACSAP M&E framework)
- Explicitly and predictably linking increase in % of aid provided by way of GBS to improved PEFAR scores.

Governance reform programmes/basket funds

Mainstream AC in governance reform programmes

10.12. In order to focus more explicitly on petty corruption, the GoT's governance reform programmes (including BEST and the LGRP) should be reviewed to ensure they adequately incorporate AC, both in terms of activities and M&E (in association with the development of the NACSAP M&E framework).

10.13. Greater focus should be put on analysis to interrogate people's experience of corruption at the local level. On the basis of this analysis, AC efforts should be targeted at institutions that have the most impact on people's lives (for example the police or local leaders).

Address corruption in the management of basket funds

10.14. The GoT's management of donor money has been highly problematic, and led to corrupt practices (see Chapter 5 on PFMRP and in Chapter 4 on the Norwegian-funded MNRP). Donor money provided through basket funds has been particularly vulnerable. It is imperative that donors urgently address this issue, to re-enforce the 'zero tolerance' message. The management of these funds needs to be

reformed to enable donors' engagement to become more strategic with less focus on micro-management. Key reforms could include:

- Remove the focus on agreeing workplans and activities, to linking funding to short and medium-term outcomes.
- Reduce the number of workshops and meetings.
- Agree a protocol for the use of all donor funds (including those in baskets) to limit or abolish payment of allowances and per diems.

Legal sector reform

10.15. An effective and non-corrupt legal system is key in the fight against corruption. Donors need to acknowledge that their efforts to improve things through the LSRP have largely failed and, in the view of some stakeholders, may have actually provided increased opportunities for corruption in the sector (see paragraph 10.14)

10.16. Rather than simply developing a new Medium-Term Plan for the next phase of the LSRP, there is a need to re-examine the approach, and ensure the foundations are in place for successful reform, before putting more money into the system.[181] Key issues include ensuring commitment to addressing corruption in the judiciary and in the sector more generally. There is a growing recognition amongst donors that they must engage with the judiciary even if 'difficult'. International standards drafted by the judiciary and accepted by judiciaries across the world such as the Bangalore Principles (2002) provide a degree of common ground between donors and the judiciary that can be built on for reform.

10.17. The new M&E framework should limit the number of achievable and measureable targets and robust baseline data should be gathered on people's experience of corruption in the legal system including in the lower courts. Data from corruption perceptions surveys of customers and employees of the sector and analysis of media reports and official reports can also help determine how to respond or intervene to:

- identify the stages of the judicial process where the vulnerable points to corruption lie
- identify what type of corruption is most prevalent at each vulnerable point.[182]

10.18. CSOs active in the justice sector, could play a greater role in monitoring.

Civil society

Continue to provide core funding to civil society

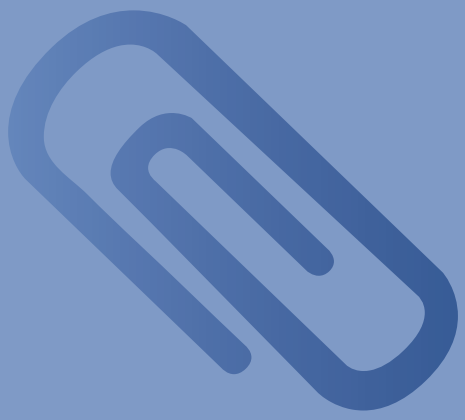
10.19. With a young and weak civil society, yet one that is increasingly effective in holding the GoT to account, donors should continue providing core funding to CSOs. Donors' choice of funding modality must balance the desire to maximise the independence of the CSO from the donor with the need to minimise the risk to donor funds. Funding through intermediary bodies, such as a blind trust, increases independence and reduces operating costs for the CSO but there is a suggestion that the longer the chain of accountability for funds, the weaker it is.[183]

181 Lessons can be learned from international and regional experience e.g. factors leading to the success of Uganda's Justice Law and Order Sector in 2000.
182 USAID. 2009. *Reducing Corruption in the Judiciary.* USAID Program Brief.
183 Cooksey. 2007b.

10.20. Areas for strengthened support include:

- engaging support of CSOs to strengthen their financial management – there is scope for donors to undertake this in a coordinated manner
- supporting CSOs to engage with the GoT budgeting process (possibly linking with the International Budget Partnership – www.internationalbudget.org)
- including CSOs in AC discussions with the GoT, including through the AC Network
- supporting CSOs in monitoring the GoT's governance reform programmes (for example, the recommendation paragraph 10.18).

Annexes



ANNEX 1:
Definitions, data & survey instruments

Definitions

Working definitions used in this evaluation:

- **Corruption** – "*the abuse of entrusted authority for illicit gain*".
- Our understanding of corruption versus governance is that an act of corruption is intrinsically linked to a specific transaction between two (or more) parties.
- By contrast, **governance** can be defined as "*The traditions and institutions by which authority in a country is exercised*".

Joint External Anti-Corruption Evaluation Framework

a) Relevance: Are the approaches employed by the five donors to address corruption (including its negative effects on poor people and women in particular) appropriate to country circumstances, and how could they be made more relevant?				
Revised questions	**ToR questions**	**Evidence/ indicators**	**Sources of data**	**Data collection tools**
1. Are approaches responsive to country circumstances?				
a) Was a state of corruption and political economy mapping and analysis done prior to AC interventions, and if so, what was the quality of this work? Were entry points and major obstacles clearly identified? Were gender and poverty taken into account?	2	Clear references to analysis in programme design documents	Donor programme and project documents	Performance assessment questions 1.2; 1.3
b) How far did donors use national strategies as well as analytical work carried out by non-state actors to support their choice of AC specific interventions? Were their AC-specific interventions designed in discussion with the government and non-state actors?	3	Clear references to analysis in programme design documents	Donor programme and project documents	Performance assessment questions 1.4; 1.5
c) Did donor approach to address corruption in the country change over the evaluation period? And did this match changes in the country context?	1	Changes in approach identified from timeline analysis	Donor policy documents Interviews with donor policy-makers and planners	Country context and donor policy timelines
d) Was the UN Convention Against Corruption used and promoted as a binding legal and political international commitment to further good governance?	5	Reference to UNCAC and structuring of interventions in line with UNCAC articles	Donor policy documents Interviews with donor policy-makers and planners	Donor interview questions
2. How coherent are donor approaches?				
a) Have donors been coherent and complementary in their choice of AC interventions? Are there any gaps in terms of funding? Was sufficient attention given to platforms for donor coordination and dialogue with government and non-state actors?	4	Gaps/overlaps between context analysis and areas of donor support	Donor programme and project documents Interviews with donor planners Interviews with state and non-state actors	Donor mapping Interview questions
b) How far do donors assess the risk of misuse of donor money across their entire programme? How far did they follow a zero-tolerance policy to corruption?	2	Documented analysis	Donor programme and project documents Interviews with donor policy-makers and planners	Performance assessment question 1.8

3.	Are approaches responsive to implementation experience?				
	a) To what extent did donors monitor and evaluate the performance in their AC interventions? What was the quality of the indicators used? Were they in line with national indicators? Were gender and poverty taken into account?	7	Existence of review, monitoring and evaluation documents with appropriate indicator quality and coverage	Donor programme and project documents Interviews with donor policy-makers and planners	Performance assessment questions 2.1-2.5
	b) Have there been changes in the donors' AC agenda, implementation, and result monitoring as a result of observed problems (or success) in the implementation of existing activities?	8	Changes to donor programme composition and content	Donor programme and project documents Interviews with donor policy-makers and planners	Performance assessment question 2.6 Donor interview questions

b) Effectiveness: How effective have donor interventions been in addressing different types of corruption, including forms of corruption affecting poor people and women in particular?

	Revised questions	ToR questions	Evidence/ indicators	Sources of data	Data collection tools
4.	How effective have donor interventions been?				
	a) … in fostering institutional monitoring and evaluation mechanisms to fight corruption? (parliament, civil society, etc)?	11	Demonstrably functioning institutional systems that are being utilised	Donor programme and project monitoring and evaluation documents Interviews with donor advisors Interviews with state and non-state actors	Performance assessment questions 3.1-3.7 Interview questions Focus group discussions Intervention logic analysis
	b) … in fostering a culture of openness and supporting progress in the area of transparency, ethics, and public reporting?	9, 10	Examples of increasing open, transparent processes and information	Donor programme and project monitoring and evaluation documents Interviews with donor advisors Interviews with state and non-state actors	Performance assessment questions 3.1-3.7 Interview questions Focus group discussions Intervention logic analysis

	c) … in dealing with the forms of corruption affecting poor people and women in particular?	-	Findings from evaluations Perceptions of stakeholders	Donor programme and project monitoring and evaluation documents Interviews with donor advisors Interviews with state and non-state actors	Performance assessment questions 3.1-3.7 Interview questions Focus group discussions
5.	Within donor organizations, how extensive and effective are preventive measures, such as financial management and control of programmes? What is the burden on country systems?	13	Internal audit findings Perceptions of state actors	Donor audit reports Interviews with state actors	Document review Interview questions Focus group discussions
6.	How effective is dialogue as a tool for coordinated donor response in monitoring and fighting corruption? Have stated intentions with regard to anti-corruption been matched by follow through on implementation, and have intended results achieved?	9, 14, 15	Findings from evaluations Perceptions of stakeholders	Donor programme and project monitoring and evaluation documents Interviews with donor advisors Interviews with state and non-state actors	Interview questions
7.	To what extent are donor actions in line with the current international agreements with regard to harmonisation of aid and the OECD/ DAC Principles for donor action on anti-corruption?	17	Degree of alignment	Donor programme documents	Document review
	Lessons Learned				
8	What do the donors see as the main lessons learned after years of anti-corruption support?	Lessons Learned 1		Interviews with donors	Interview questionnaire
9	What do the national authorities see as the main lessons learned after years of receiving donor support to reduce corruption?	Lessons Learned 2		Interviews with national authorities	Interview questionnaire
10	What do non-state actors including groups representing the poor and women, consider as main lessons for future work to address corruption?	Lessons Learned 3		Interviews with non-state actors	Interview questionnaire
11	What are the main lessons for future work in corruption?	Lessons Learned 4-7		Analysis by evaluation team	Focus group discussions

12	What are the main areas of, and reasons for, success?	Lessons Learned 4-7	Analysis by evaluation team	Focus group discussions Appreciative enquiry
13	What are the main areas of, and reasons for, failure?	Lessons Learned 4-7	Analysis by evaluation team	Focus group discussions Appreciative enquiry

Interview Topic Lists

Donor	Implementor	Non-state actor
1d. Was the UN Convention Against Corruption used and promoted as a binding legal and political international commitment to further good governance?		
2a. Have donors been coherent and complementary in their choice of AC interventions? Are there any gaps in terms of funding? Was sufficient attention given to platforms for donor coordination and dialogue with government and non-state actors?		2a. Have donors been coherent and complementary in their choice of AC interventions? Are there any gaps in terms of funding? Was sufficient attention given to platforms for donor coordination and dialogue with government and non-state actors?
3a. To what extent did donors monitor and evaluate the performance in their AC interventions? What was the quality of the indicators used? Were they in line with national indicators? Were gender and poverty taken into account?		
Does the donor promote systematic studies (such as drivers of change, power analyses), information collection, dissemination, discussion on corruption issues?		
3b. Have there been changes in the donors' AC agenda, implementation, and result monitoring as a result of observed problems (or success) in the implementation of existing activities?	3b. Have there been changes in the donors' AC agenda, implementation, and result monitoring as a result of observed problems (or success) in the implementation of existing activities?	

Donor	Implementor	Non-state actor
4. How effective have donor interventions been?	4. How effective have donor interventions been?	4. How effective have donor interventions been?
… in fostering institutional monitoring and evaluation mechanisms to fight corruption? (parliament, civil society, etc)?	… in fostering institutional monitoring and evaluation mechanisms to fight corruption? (parliament, civil society, etc)?	… in fostering institutional monitoring and evaluation mechanisms to fight corruption? (parliament, civil society, etc)?
… in fostering a culture of openness and supporting progress in the area of transparency, ethics, and public reporting?	… in fostering a culture of openness and supporting progress in the area of transparency, ethics, and public reporting?	… in fostering a culture of openness and supporting progress in the area of transparency, ethics, and public reporting?
… in dealing with the forms of corruption affecting poor people and women in particular?	… in dealing with the forms of corruption affecting poor people and women in particular?	… in dealing with the forms of corruption affecting poor people and women in particular?
5. Within donor organizations, how extensive and effective are preventive measures, such as financial management and control of programmes? What is the burden on country systems?	5. Within donor organizations, how extensive and effective are preventive measures, such as financial management and control of programmes? What is the burden on country systems?	
6. How effective is dialogue as a tool for coordinated donor response in monitoring and fighting corruption? Have stated intentions with regard to anti-corruption been matched by follow through on implementation, and have intended results achieved?		6. How effective is dialogue as a tool for coordinated donor response in monitoring and fighting corruption? Have stated intentions with regard to anti-corruption been matched by follow through on implementation, and have intended results achieved?
8. What do the donors see as the main lessons learned after years of anti-corruption support?	9. What do the national authorities see as the main lessons learned after years of receiving donor support to reduce corruption?	10. What do non-state actors including groups representing the poor and women, consider as main lessons for future work to address corruption?

Joint External Anti-corruption Evaluation

Programme Performance Assessment1

Project Title/Details	**Support to TRA**
Donor	Denmark, Sweden, UK
Documentation available	WB Prodoc (1999); Danida Prodoc and Concept Note – second phase (2003) MTR WB Completion Report (2006)

Project/ programme purpose & design

1.1: Is the project/programme purpose clear and realistic for the resources available?	**Yes**	
Purpose: To determine whether the programme has a focused and well-defined mission. Determining this purpose is critical to determination of useful performance measures and targets. Elements of Yes: A Yes answer needs to clearly explain and provide evidence of the following: • A clear and unambiguous objective that describes a behavioral or performance change among a target entity. Considerations can include whether the programme purpose can be stated succinctly. Elements of No: A No answer would be appropriate if the programme has multiple conflicting purposes or if the purposes describe activities or the delivery of outputs.		
Statement of evidence and document reference to support the finding:		

1 The proforma is developed from the approach used by the US Government for its Programme Assessment Rating Tool (PART)

1.2: Does the programme address a specific and existing problem developed from situational analysis?	**Yes**	
1.3 Does the situational analysis take adequate account of corruption?		**No**
1.4 Does the situational analysis take adequate account of gender and poverty dynamics (including in relation to corruption)?		**No**
1.5 Were national strategies taken into account in the analysis?	**Yes**	
1.6 Was analysis by and interaction with non-state actors taken into account?		**No**

Statement of evidence and document reference to support the findings:
1.2) The 1999 and 2003 project documents give a good summary analysis of A the Tax Legal Framework, B the Tax base, and C TRA capacity.
1.3) Although the term corruption is not used in the project documents, there is some reference to the incidence of tax evasion in the country, and the need to promote tax compliance through simplification of tax laws and education tax payers. The government's commitment to corruption (Warioba report) is also mentioned. However, the analysis remains succinct, there is no analysis on the role of TRA in investigating and prosecuting tax evasion (check) and the need to address corruption within TRA (55% of respondents to the 2006 Afrobarometer survey believe that some, most or all TRA officials are corrupt.) is overlooked.
Anti-corruption was added as an activity to strengthening TRA. Not clear what this actually involved (training?)
1.4) no mention of poverty or gender
1.5) Tax policy and recent tax reforms adequately mentioned
1.6) no involvement of non-state actors.

1.7: Which UNCAC headings (and sub-headings) does the programme relate to?	*Tick*
Prevention	
a. Preventive AC policies and practices	
b. Preventive AC body or bodies	
c. Public sector	
d. Code of conduct for public officials	
e. Public procurement and PFM	*x*
f. Public reporting	
g. Measures relating to the judiciary and prosecution services	
h. Private sector	
i. Participation of society	
Measures to prevent money-laundering	
Criminalisation and law enforcement	

1.8: Does the programme make the fight against corruption an explicit goal and/or purpose?		**No**

Statement of evidence and document reference to support the finding:
No – the objectives of the programme are:

- To increase revenue collection in a cost effective way, which involves broadening the tax base; monitoring and control cost of revenue collection; improving the enforcement of tax laws; and modernising processes and systems.
- To integrate TRA operations, which involves strengthening the Large Taxpayers' Department; integrating operations for audit-based taxes; strengthening customs administration; and eventually integrating the tax and customs systems.
- To provide high quality and responsive customer service, which involves enhancing the level of tax knowledge to taxpayers; and improving customer service.
- To promote tax compliance through fair, equitable and transparent application of tax laws. Reaching this objective involves simplifying tax laws for fair, equitable and transparent application; providing education to taxpayers; enhancing and enforcing tax laws; and treating taxpayers fairly and in a consistent and transparent manner.
- To improve staff competence, motivation, integrity and accountability, involving improving skills and professionalism; improving working tools; upgrading the level of staff benefits and working environment; and strengthening management controls.

1.8: Does the programme clearly identify links with broader governance reforms?	**Yes**	

Statement of evidence and document reference to support the finding:
From Danida programme document: While the project focuses on enhancing the efficiency and effectiveness of the tax administration, it is recognised that the full benefits of this can only be achieved by simultaneously addressing key issues in the tax regime. Through the macroeconomic dialogue, Denmark is working together with other development partners (World Bank, EU, and 10 other bilateral agencies) and the IMF to assist the Government with identifying and implementing options for increasing the fairness, simplicity, and transparency of the tax regime.

1.9: Does the programme identify the risk of misuse of donor money? (If 'Yes' What preventive measures are identified)		**Not sufficiently?**

Statement of evidence and document reference to support the finding:
Danida confident that project strict reporting and auditing procedures will be enough – MoU signed between government and Denmark.
Project document concludes: Based on the previous good experiences of providing 'budget support' to TRA for implementation of the TAP, it is proposed that Denmark contributes to the proposed basket fund.

Monitoring and management

2.1 List project goal and purpose indicators	
Goal	Purpose

There is no distinction between goal and purpose indicators. Performance indicators are instead used as follows:

A Nature and Scope of Operations

1. Number of registered taxpayers by tax type

B Effectiveness Indicators

2. Total revenue collected/Annual revenue target
3. Amount of previous year's arrears collected/Total amount of tax arrears at beginning of year

C Efficiency Indicators

4. Average number of days taken to identify stop-filers
5. Number of custom clearances made within 24 hours/Total number of customs clearances
6. Number of VAT refunds within 1 month/Total number of VAT refunds
7. Number of income tax refunds made within 45 days/Total number of income tax refunds
8. Number of duty drawbacks made within 2 month/Total number of duty drawbacks

2.2: Does the programme have a limited number of specific performance indicators that focus on outcomes and reflect the purpose of the programme?	**Yes**	

Purpose: To determine if the programme has long-term performance measures to guide programme management and budgeting and promote results and accountability. This question seeks to assess whether the programme measures are salient, meaningful, and capture the most important aspects of programme purpose and appropriate strategic goals.

Elements of Yes: A Yes answer needs to clearly explain and provide evidence of the following:

- The programme must have a few, easily understood long-term outcome measures that directly and meaningfully support the programme's purpose. "Long-term" means a long period relative to the nature of the programme, perhaps 5-10 years, and consistent with time periods for strategic goals used in the donor's strategy.
- The outcome measures should reflect objectives set in the country's PRSP or equivalent national strategy.
- The performance measures should focus on outcomes, although in some cases output measures are permissible.

[Output measures only meet the standards of a Yes answer if the programme can produce sound justification for not adopting outcome measures. Whenever output measures are proposed, the programme must clearly show how such measures reflect progress toward desired outcomes. The justification for not adopting outcome measures and the explanation of how output measures show progress toward desired outcomes must be clearly presented in the explanation and/or evidence sections.]

Elements of No: A No must be given for long-term measures that do not directly and meaningfully relate to the programme's purpose or are unnecessarily focused on outputs and lack adequate justification. A programme should not receive a No for having too many measures, if it has identified a few high-priority ones that represent important aspects of the programme.

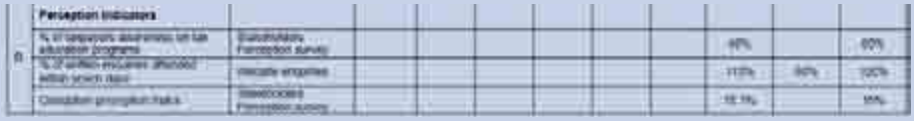
Statement of evidence and document reference to support the finding:

Overall a good set of indicators

2.3 Do the indicators include citizen's perceptions on governance and/ or corruption?	**Yes**	
2.4. Do the indicators include progress indicators in the fight against corruption (number of audits, prosecution cases etc)?		**To some extent**
2.5 Are the performance indicators in line with national indicators and/ or use national sources as means of verification?	**Yes**	
2.6: Do the indicators take gender and poverty adequately into account?		**No**

Statement of evidence and document reference to support the findings:

2.3. Perception indicators were added during the second phase to measure project objective in relation tax payers education / awareness. CPI is also mentioned.



2.4 The indicators below to some extent and indirectly indicates some progress in promoting tax promotion, and vice versa, reduce tax evasion. There is no indicator on TRA's ability to investigate tax evasion/ prosecute tax evaders and the incidence of tax evasion remains unknown.

A Nature and Scope of Operations

1. Number of registered taxpayers by tax type

B Effectiveness Indicators

2. Total revenue collected/Annual revenue target
3. Amount of previous year's arrears collected/Total amount of tax arrears at beginning of year

2.5 In the second phase, it was recognised that " Since revenue collection depends as much on tax policy as on tax administration, the performance of TRA will no longer be measured solely on the basis of total revenue collected" The ratio of total revenue to GDP nonetheless closely monitored.

2.7: Does the donor regularly collect timely and credible performance information, and use it to manage the programme and improve performance?	**Yes**	

Statement of evidence and document reference to support the finding:

Yes there was a baseline – and performance indicators available for all years (outside perception)

Results & accountability

3.1: Is there a results-chain that is being monitored?	**Yes**	

Purpose: To determine whether the programme design has established a clear causal pathway that enables managers to take stock of progress towards long term goals

Elements of Yes: A Yes answer needs to clearly explain and provide evidence of each of the following:

- A description of the intervention logic of the programme design with clear distinction between outputs and outcomes.
- Awareness of the desired cause & effect processes designed to lead to changes in behaviour.
- A set of output and outcome performance measures that reflect the results chain

Statement of evidence and document reference to support the finding:
From project doc:
The project seeks to assist the Government of Tanzania in raising its tax revenues without increasing tax rates by: (i) improving the legal framework; (ii) broadening the tax
base; (iii) strengthening the Tanzania Revenue Authority (TRA) to increase the efficiency
and effectiveness of tax administration; and (i) improving the administrative infrastructure.

3.2: Has the programme demonstrated progress in achieving its outcomes?	**Yes**	

Statement of evidence and document reference to support the finding:
Mid-term review: A joint donor mid-term review was carried out in May 2003, which provided a positive assessment of the achievements under the Tax Administration Project, such as establishment of basic infrastructure for the TRA, implementation of a unique Taxpayer Identification Number (TIN), and implementation of IT-systems in some parts of the administration. However, the review also pointed to a number of areas where further improvements could be made – most important of which is the restructuring of TRA on a functional basis, rather than the current organisation along tax types. The main recommendations from the mid-term review, as well as the recommendations made by an IMF/FAD mission report of December 2002, have formed the basis for development of TRA's new Corporate Plan for the period 2003/04-2007/08, which sets out goals and strategies for achieving an integrated, efficient and effective tax administration by the end of the period.
According to WB Completion report (2006): outcome performance ratings was satisfactory. The project achieved its development objective of assisting GOT to raise tax revenues without increasing tax rates. In particular, The number of TIN-registered taxpayers has increased from 190,000 in July 2003 to 309,000 in December 2006 while the number of registered large taxpayers has increased from 100 to 370 over the same period. Of the latter, fifty of them account for 80 percent of total revenue.

In relation to the fight against corruption, has there any evidence that the programme has contributed to …		
3.3… foster institutional monitoring and evaluation mechanisms to fight corruption? (parliament, civil society, etc)?		**No**
3.4 … foster a culture of openness and supporting progress in the area of transparency, ethics, and public reporting?	**Yes**	
3.5 … deal with the forms of corruption affecting poor people and women in particular?		**No**
Statement of evidence and document reference to support the finding: 3.4. Taxpayers education effective in making tax payers more aware – launch of website – more documents available on the website (revenue collected etc) 3.5 no particular focus on prosecuting tax evaders (in particular through the large taxpayer department).		

3.6: Do independent evaluations indicate that the programme is effective and achieving results?	**Yes**	**No**
Statement of evidence and document reference to support the finding: (check if independent evaluation was carried out) Project completed in 2006. Evident problem of sustainability – given recent corruption scandal.		

3.7: What have been the results on the level or trends of corruption?
Statement of evidence and document reference to support the finding: Interesting analysis produced in 2003: FIGHTING FISCAL CORRUPTION: LESSONS FROM THE TANZANIA REVENUE AUTHORITY ODD-HELGE FJELDSTAD* Chr. Michelsen Institute, Bergen, Norway, which assesses corruption within TRA, using tax revenue / GDP as a proxy. Shows cyclical trends.

***Reading notes*:**

In our annex:
The Tanzania Revenue Authority (TRA) was created in 1996 and was initially successful in increasing revenue collected and decreasing corruption. By the mid 2000s revenue was falling and reported levels of corruption on the increase.

The numerous and complex tax laws provide multiple opportunities for TRA staff to extract bribes. 55% of respondents to the 2006 Afrobarometer survey believe that some, most or all TRA officials are corrupt. In the light of this finding the proportion (15%) of companies that expect to make unofficial payments to TRA officials seems low.

Political will to tackle corruption in the administration of tax appears to be strengthening. In 2008 the then permanent secretary to the Treasury was prosecuted for abuse of office. He had granted tax exemptions to a company in defiance of TRA advice. The Tanzanian Revenue Authority (TRA) has increased prosecutions of tax evaders, but a weak and corrupt judicial system has been a major obstacle to the convictions.

1. TRA role in the fight against corruption:
From business portal:
Tanzania Revenue Authority (TRA): The TRA has taken several steps to avoid corruption. For example, the audit section of the income Tax and VAT departments has integrated their systems in order to reduce corruption. The teams and staff are constantly changed so that the risks of either collusion or corruption with taxpayers are reduced. Hotlines have been established, and these are well used by the public. The TRA is known to work closely with the PCB on corruption cases.

In 2008 TRA mission statement:
The Mission Statement also emphasizes the need for enhancing staff integrity and this is through the implementation of the National Anti-Corruption Strategy.

One of TRA function is to: Counteract fraud and other forms of tax and fiscal evasion.

2. Check out corruption scandal September 2009 :
theft of 77 million US dollars in taxes that was paid by the Tanzania Telecommunications Company Limited, TTCL to the Tanzania Revenue Authority, TRA

3. Visit SoS Tanzania 2007:
The first stop was the Tanzania Revenue Authority (TRA) where the Director General explained their modernisation programme. This programme has delivered real results, with **taxes being collected more efficiently, and accounting for 17% of the country's gross domestic product (GDP) in 2006**/7. The modernisation effort is supported by DFID and others, and continues to build the policies, people and systems to collect more tax, more smartly.

4. not picked up by JAS : improvement in revenue collection (including customs)

ANNEX 2:
Terms of reference

Joint External Anti-Corruption Evaluation

1. Background

Corruption undermines democratic values and institutions, weakens efforts to promote gender equality, and hampers economic and social development. In recent years, donor agencies have increasingly made the fight against corruption part of their larger governance agenda.

The Asian Development Bank (ADB), the Danish International Development Assistance (Danida), the Swedish Agency for Development Evaluation (SADEV), the Swedish International Development Co-operation Agency (SIDA), the UK Department for International Development (DFID), and the Norwegian Agency for Development Co-operation (Norad) will undertake a joint evaluation of anti-corruption (AC) efforts. Norad, on behalf of the six agencies, seeks consultants to undertake the evaluation.

The evaluation will take place in 2009 and 2010, with case study fieldwork expected to take place in Vietnam, Bangladesh, Tanzania, Zambia, and Nicaragua.

In preparation for the evaluation, a pre-study was undertaken in 2008. It included a literature review[1] an outline of a possible analytical framework for the evaluation (the evaluation team is not restricted to use this approach), and a partial mapping of donor support[2].

The donor mapping survey showed that each of the five[3] commissioning donor agencies supports efforts to improve overarching anti-corruption frameworks, including laws and specialised anti-corruption bodies. Agencies also provide considerable resources for public finance accountability, in particular general public financial management systems and ministries of finance, often in conjunction with budget or large-scale financial support. The survey showed less support for financial accountability at lower levels of government, while state accountability bodies like supreme audit institutions and in some cases also parliamentary oversight bodies receive some capacity development assistance.

1 A published version, Anti-Corruption Approaches. A Literature Review, can be downloaded from www.norad.no/evaluering
2 The pre-study can be obtained from Norad.
3 SADEV is not a donor

The pre-study reveals that while much of the corruption takes place in connection with service delivery, there seem to be only limited donor support at this level. There is little documented evidence of work to specifically address gender dimensions. The donors had different priorities when it comes to supporting non-state actors, though in the aggregate there was considerable aid to civil society actors and the media, but little to the private sector or political parties.

2. Rationale and Audience

Rationale

The commissioning donors have paid considerable attention to anti-corruption in their development cooperation in recent years. Levels of corruption remain high in many countries, however, and there is a wish to find out how support in this area can become more effective.

Audience

The primary audience for the evaluation is the agencies commissioning the work. Secondary audiences include interested parties in the case countries (national authorities, civil society, others), other countries and donor organisations.

3. Purpose, Objectives and Scope

Purpose of the evaluation

The purpose is to obtain knowledge regarding the relevance and effectiveness of support to reduce corruption, both through specific anti-corruption efforts and in other programs – in order to identify lessons learned regarding what kind of donor support may work (for poor people and women in particular), what is less likely to work and what may harm national efforts against corruption.

Objectives

The objectives are to obtain descriptive and analytic information related to actual results of the support provided by the five commissioning donors, both overall and for each of them in each of the selected countries, regarding:

1. corruption diagnostic work (highlighting, where relevant, information disaggregated by gender)

2. underlying theory, AC strategy and expected results of their support to reduce corruption

3. implementation of support to specific AC interventions and achieved results

4. other donor interventions or behaviour relevant for corruption and AC efforts, and achieved results in terms of corruption

5. extent of coherence of AC practice between specific AC activities and other programs, for individual donors

6. extent of coherence of AC practice within the donor group

7. the extent that gender and other forms of social exclusion have been taken into account in donor interventions

Scope
The evaluation shall cover all major specific AC activities of the five donors in the selected countries, as well as a selection of other programs of the five donors of relevance to the reduction of corruption.

The other, not-AC specific programs should preferably be found within one single area or sector in a given country. If necessary to study substantial programs of all of the commissioning donors present in the country, programs may be drawn from different areas. Preferably, the overall selection in the five case countries should comprise different areas (e.g. infrastructure, extractive industries, social sectors and budget support).

The evaluation shall include the issues of gender, poverty and social exclusion when possible and relevant, both as to whether these issues are dealt with by the donor interventions and the results achieved.

The initial mapping of donor work should build on and extend the information made available by the pre-study mapping, producing a comprehensive overview of the five donors' AC engagement and other major programs in the selected countries. The main emphasis shall be on the period from 2002 to the present, but the previous period shall be included whenever necessary to answer the evaluation questions or understand later engagement.

The evaluators are not supposed to prepare an extensive analysis in terms of the political economy and corruption context of the case countries. The evaluation should, however, be made against the background of a thorough understanding of this context, and this should be evident in the reports.

4. Evaluation Criteria and uestions. Lessons Learned
The evaluation shall concentrate on the evaluation criteria of relevance[4] and effectiveness[5].

Due to the complexity and learning purpose of the exercise, it has been deemed less relevant to focus on efficiency, concentrating in stead on effectiveness, related to results at output and outcome level. An assessment of impact would require a substantial increase of time and resources and is also not included.

4 Definition of relevance: "The extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, global priorities and partners' and donors' policies" (Glossary of Key Terms in Evaluation and Results Based Management, OECD/DAC).
5 Definition of effectiveness: "…an aggregate measure of (or judgement about) the merit or worth of an activity, i.e. the extent to which an intervention has attained, or is expected to attain, its major relevant objectives " (ibid.).

Although efficiency, impact and sustainability are not specifically addressed, the evaluators are expected to include limited assessments of these and other aspects that may emerge from the analyses of relevance and effectiveness or otherwise be deemed important.

Relevance

The questions should be answered descriptively and analytically for each donor in each case country. The extent of important commonalities and differences between the donors should be addressed.

General question:

Are the approaches employed by the five donors to address corruption (including its negative effects on poor people and women in particular) appropriate to country circumstances, and how could they be made more relevant?

Specific questions:

1. When did any increase in emphasis on anti-corruption efforts take place, and what were the reasons given for this change?

2. Was a state of corruption and political context mapping and analysis done prior to AC interventions, and, if so, what was the quality of this work? Were entry points and major obstacles clearly identified? Did the analysis consider possible corruptive effects of donor interventions? Were gender and poverty taken into account?

3. Did there exist venues for communication and discussion with government and non-state actors before defining the AC support programs?

4. What mechanisms have been in place for coordinating AC interventions among donors, with national authorities, and with non-state actors – at national and local levels?

5. Was the UN Convention Against Corruption, as a binding legal and political international commitment to further good governance, used and promoted?

6. What are the donor supported activities and interventions explicitly addressing corruption? Are these and other programs in agreement with prior analytic work and the priorities of national AC reforms?

7. To what extent have the donors evaluated the development of their AC approach? Has there been sufficient understanding of the nature and impact of corruption on different groups in society?

8. Have there been changes in the donors' AC agenda, implementation and results monitoring as a result of observed problems in the implementation of existing activities? Are previous analyses and approaches relevant against the current understanding of the country's corruption situation?

Effectiveness

The questions should be answered descriptively and analytically, for each donor in each case country. The extent of important commonalities and differences between the donors should be addressed.

General question:

How effective have donor interventions been in addressing different types of corruption, including forms of corruption affecting poor people and women in particular?

Specific questions:

1. To what extent and how do donors promote open and transparent dialogue between governments, themselves, parliament and non-state actors to assess progress concerning anti-corruption measures?

2. To what extent and how do donors contribute to increasing the knowledge and understanding of corrupt practices, their forms, manifestations and dynamics, (including in service delivery), and are the findings widely disseminated to ensure public access to them?

3. To what extent and how do donors invest in fostering effective internal and non-state monitoring and evaluations of anti-corruption policies, e.g. from parliaments, universities and women's and civil society organisations? Does monitoring enable gendered forms of corruption to be captured and understood?

4. Do donor efforts contribute to strengthen the links between anti-corruption and governance reforms and the integration of specific anti-corruption components into core reforms?

5. Within donor organisations: what measures are taken (including risk identification and management) and what practices of financial management and control of programs are implemented to prevent corruption? To what extent have donors assessed the administrative burden for the recipient in this regard?

6. Have stated intentions with regards to anti-corruption been matched by follow-through on implementation, and have intended results been achieved?

7. What is the nature of diagnostic tools and donor reactions, individually and collectively, when partner governments do not live up to mutual agreements? What are the commonalities and differences between the donors in this regard?.

8. Do donors portray a contradiction between non-tolerance towards corruption and support to achieve development goals, or do they pursue a pragmatic middle ground?

9. Are the donor actions in line with the current international agreements with regard to harmonisation of aid and the OECD/DAC principles for donor action in anti-corruption?

Lessons learned
The evaluators should identify major lessons learned about increasing the relevance and effectiveness of donor support to anti-corruption efforts, including for improving the lives of poor people and women. Where applicable they should relate these to individual or collective donor programs and partner countries. The following specific questions should be addressed:

1. What do the donors see as the main lessons learned after years of anti-corruption support?

2. What do the national authorities see as the main lessons learned after years of receiving donor support to reduce corruption?

3. What do non-state actors including groups representing the poor and women, consider as main lessons for future work to address corruption?

4. What does the evaluation team see as the reasons behind successful interventions?

5. What does the evaluation team see as the reasons for major disappointments?

6. Did disappointments happen after deliberately taking risks, because of poor planning and understanding, or because of changes in circumstances?

7. What can be learned from the positive and negative cases?

5. Methodology
It will be part of the assignment to develop a methodological and conceptual framework to ensure objective, transparent, gender sensitive, evidence-based and impartial assessments as well as ensuring learning during the course of the evaluation. The following methods should, as a minimum, be considered:

1. Document analyses

2. Interviews of key stakeholders

3. 3. Field visits to the five selected countries to complement and correct information, reaching out to public officials, non-state actors, donor representatives and others. The field-based evaluations may be done as one joint exercise between an international and a national team, or be divided into phases.

Some guiding principles:
1. Triangulate and validate information

2. Assess data quality (strengths and weaknesses of information sources).

3. Highlight data gaps.

4. Base assessments on factual findings and reliable and credible data and observations.

6. Organisation and requirements

Evaluation Team
The evaluation team is expected to consist of an international team plus national teams for each of the study countries.

The international team will consist of a minimum of four persons, and will report to Norad through the team leader. The team leader will be responsible for the contact with key national stakeholders and ensure that they are allowed to contribute and comment as appropriate. The team leader should meet these requirements:

- Substantial experience in the area of development cooperation.
- Proven successful team leading; preferably with multi-country teams in complex tasks on sensitive issues
- Advanced knowledge and experience in evaluation principles and standards in the context of international development.
- Experience in reviewing principles and standards related to work against corruption

The international team as a whole should have competence, expertise and experience in relation to the following areas:

- donor policies, modalities and aid delivery systems;
- public financial management
- survey and data analysis
- political economy, governance, work against corruption, anthropology, gender
- relevant regions, countries and cultural contexts.
- Languages: English. In addition, since part of the documentation will be in Danish, Norwegian or Swedish, at least one team member should be able to read Scandinavian languages.

Gender balance will be regarded as an asset of the team.

National Teams
Each team should consist of not less than two persons, one of whom should be a senior person with experience and solid knowledge in the study subject. The joint team in each country (national and international) should be gender balanced.

The national teams are expected to contribute with compilation of an inventory of relevant studies, surveys and disaggregated data (if possible), participate in the field work and contribute, as agreed with the international team, to the analysis and drafting of reports.

Data collection
Each evaluation team will be responsible for data-collection. Access to archives will be facilitated by the commissioning donors.

The evaluation team may consider using research assistants in data collection. Where relevant, gender specific data shall be collected and accounted for in the findings and analysis of the report.

Organisation
The evaluation will be managed by a management group of the commissioning agencies, lead by Norad's Evaluation Department (Norad). An independent team of researchers or consultants will be assigned the evaluation according to the standard procurement procedures of Norad (including open international call for tenders). The team leader shall report to Norad on the team's progress, including any problems that may jeopardize the assignment. The team is entitled to consult widely with stakeholders pertinent to the assignment. All decisions concerning these ToR, the inception report, draft report and other reports are subject to approval by Norad on behalf of the management group.
The evaluation team shall take note of the comments from stakeholders. Where there are significantly diverging views between the evaluation team and stakeholders, this should be reflected in the report.

Budget
The tender shall present a total budget with stipulated expenses for fees, travel, field work and other expenses. The evaluation is budgeted with a maximum of 150 consultant person weeks for the international team plus a maximum of 75 person weeks to be distributed between the national teams, excluding possible national research assistants. The team is supposed to travel to the five case countries as well as to the five donor headquarters. Additionally, two team members are expected to participate in the following four meetings in Oslo: A contract-signing meeting, a meeting to present the inception report, and two meetings for presenting draft and final reports. The consultants may be requested to make additional presentations, but the cost of these will be covered outside the tender budget.

The budget and work plan should allow sufficient time for presentations of preliminary findings and conclusions, including preliminary findings to relevant stakeholders in the countries visited and for receiving comments to draft reports.

7. Reporting and Outputs
The Consultant shall undertake the following:

1. Prepare an inception report providing an interpretation of the assignment. This includes a preliminary description of the country context, a description of the methodological design to be applied and suggested selection of donor supported programs in the five case countries. The inception report should be of no more than 10 000 words excluding necessary annexes.

2. At the end of each country visit, present preliminary findings, conclusions and recommendations in a meeting to relevant stakeholders, allowing for comments and discussion.

3. Prepare draft country reports not exceeding 20 000 words plus necessary annexes, comprising an overview of the donors' AC support, key findings, conclusions, possible recommendations, lessons learned and an executive summary (of not more than 2000 words).

4. After receiving comments, prepare final country reports.

5. Prepare a work progress report not exceeding 2000 words, informing about the progress of the evaluation and possible obstacles encountered by the team.

6. Prepare a draft synthesis report not exceeding 30 000 words plus necessary annexes, based i. a. on the country reports and presenting the preliminary findings, conclusions, possible recommendations and lessons learned across countries and donors. The report should contain an executive summary of not more than 2500 words).

7. After receiving comments, prepare a final synthesis report.

8. Upon further confirmation, prepare a series of up to 6 short (4-6 pages) briefing papers summarising key findings and policy messages in an accessible format, to ensure dissemination of the most important findings of the evaluation to particular groups. The specific structure, content and audience of each paper will be agreed with the management group on completion of the synthesis report. Costs related to the preparation of these reports should appear separately in the tender budget and payment is subject to later confirmation.

All reports shall be written in English. The Consultant is responsible for editing and quality control of language. The country reports and final synthesis report should be presented in a way that directly enables publication. Report requirements are further described in Annex 3 Guidelines for Reports.

The evaluation team is expected to adhere to the DAC Evaluation Quality Standards as well as Norad's Evaluation Guidelines[6]. Any modification to these terms of reference is subject to approval by Norad. All reports shall be submitted to Norad's Evaluation Department for approval.

6 See. http://www.norad.no/items/4620/38/6553540983/Evalueringspolitikk_fram_til_2010.pdf

ANNEX 3:
Itinerary of main country visit and list of people consulted

Itinerary

Date	Day	Itinerary
January		
9	Sat	Pre-visit preparation
10	Sun	Travel, Team arrives. Evening team meeting
11	Mon	09.00 Swedish Embassy (documents, mapping and meetings) 10.30 Norwegian Embassy (documents, mapping and meetings) 11.30 Danish Embassy (documents, mapping and meetings)
12	Tue	PUBLIC HOLIDAY 11.00 UNDP
13	Wed	0900 Norwegian Embassy (Ambassador and entire embassy team) 10.30 DFID (documents, mapping and meetings) 13.30 Swedish Embassy (GBS and LGRP) 14.30 Swedish Embassy (Justice Sector)
14	Thur	09.00 USAID (justice sector and AC) 11.00 Nola 14.00 Swedish Embassy (evolution of approach) 15.00 World Bank (Justice Sector)
15	Fri	10.30 Swedish Embassy (oversight bodies and PFM) 13.00 Danish Embassy (Policy, LSRP, GBS, PFM) 15.30 PSRP II Coordination Unit, Presidents Office
16	Sat	Team Review Meeting
17	Sun	
18	Mon	09.00 Canadian Cooperation Office (Justice Sector) 10.00 World Bank (GBS and PFM)
19	Tue	07.00 DFID (GBS, PFM and approach) 10.00 NAO 10.00 DFID (GBS) 11.30 PSRP II Coordination Unit, Presidents Office 14.00 GBS Secretariat
20	Wed	08.30 Swedish Embassy (Private Sector Development) 09.00 Swedish Embassy (Policy) 10.00 World Wildlife Fund 11.30 REPOA 15.00 Legal and Human Rights Centre 15.00 Association of Local Authorities of Tanzania

21	Thur	08.00 DFID (Private Sector Development and TRA) 09.00 IMF 10.00 Haki Elimu 12.00 Geir Sundet 14.00 Good Governance Coordination Unit 15.30 Wildlife and Conservation Society of Tanzania 15.30 UNDP (PCO, Deepening Democracy)
22	Fri	09.00 Netherlands Embassy 09.00 DFID and Danish Embassy (PCCB) 10.00 Ethics Secretariat 12.00 Foundation for Civil Society 14.00 Tanzania Media Fund
23	Sat	Team Review Meeting
24	Sun	
25	Mon	09.00 Ministry of Justice and Constitutional Affairs 10.00 African Development Bank 11.00 Media Council 11.00 DFID debriefing 13.00 Norway, Sweden and Denmark feedback session Team Depart

List of people consulted

Family Name	Given name	Organisation	Role	Email or contact
Heide	Morten	Embassy of Norway	Counsellor	mohe@mfa.no
Holmgren	Wiveca	Embassy of Sweden	First Secretary Controller	Wiveca.holmgren@sida.se
Lång	Ulrika	Embassy of Sweden	First Secretary Governance & Human Rights	Ulrika.lang@foreign.ministry.se
Kammersgaard	Jesper	Embassy of Denmark	Deputy Head of Mission	jeskam@um.dk
Birnbaum	Albert Bruun	Embassy of Denmark	First Secretary	albbir@um.dk
Karstensen	Christian	Embassy of Denmark	First Secretary Governance / Political Issues	chrkar@um.dk
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Salveson	Veslemoy Lothe	Embassy of Norway	Secretary	visa@mfa.no
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Rajpar	Janne	Canadian Cooperation Office	Cordinator, Legal Sector Working Group	Janne.rajpar@ccotz.org
Theodossiadis	Love	Embassy of Sweden	Second Secretary Private Sector Development and Trade	Love.theodossiadis@foreign.ministry.se
Mariki	Stephen	World Wildlife Fund	Country Director	smariki@wwftz.org
Robinson	David	IMF	Senior Resident Representative	drobinson@imf.org
Mayaya	Robert	Good Governance Coordination Unit	Coordinator	Robert_mayaya@yahoo.com
Chitunchi	Mathias	Good Governance Coordination Unit	Assistant Coordinator	chitunchi@hotmail.com
Stone	Adrian	DFID	Growth Policy Advisor	a-stone@dfid.gov.uk
Missokia	Elizabeth	Haki Elimu	Executive Director	emissokia@hakielimu.org

Kiwanga	Francis	Legal and Human Rights Centre	Executive Director	fkiwanga@humanrights.or.tz
Nyiti	Paul	Wildlife and Conservation Society of Tanzania	Programme Manager	Paul_nnyiti@yahoo.co.uk
Sundet	Geir	Accountability in Tanzania Programme	Programme Director	gsundet@kpmg.co.tz
Dorst	Pieter	Embassy of the Netherlands	Head of Development Cooperation	Pieter.dorst@minbuza.nl
Miller	Angus	African Development Bank	Aid Effectiveness Coordinator	a.miller@afdb.org
Motete	Juvenalis	Legal Sector Reform Programme, MoJCA	Coordinator	jmotete@yahoo.com
Hoseah	Edward	PCCB	Director General	dgeneral@pccb.gov.tz
Kizoka	Luwaga		NACSAP II Coordinator	
		PCCB regional office Moshi	Commander	
Cooksey	Brian	Independent Consultant		Cooksey.brian@gmail.com
Ulimwenga	Jenerali		Senior Journalist	jenerali@gmail.com
Eyakuze	Aidan	Serengeti Advisors	Consultant	
Rajani	Rakesh	Executive Director	Twaweza	rrajani@post.harvard.edu
Msami	Rev. Unity			
Shoo	Rev. Dr. Frederick	Northern Diocese, Moshi	Bishop	shoofredrick@yahoo.com

ANNEX 4:
List of documents consulted[1]

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1 INot all documentation relating to commissioning donor programmes are listed here. For each programme reviewed the following documentation was consulted where available: Programme descriptive document, annual or mid term review, final evaluation.

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ANNEX 5:
Donor mapping against United Nations Convention against Corruption categories

UNCAC Headings	Extracts	Selected Programmes
Preventive measures		
Preventive AC policies and practices	*…..implement or maintain effective, coordinated anti-corruption policies that promote the participation of society and reflect the principles of the rule of law, proper management of public affairs and public property, integrity, transparency and accountability.*	Denmark Good Governance, Human Rights and Democracy Component 1, Democratisation and Domestic Accountability (2008-2010) **Denmark** REDET phase V (2005-2007) **Denmark** Support to electoral commissions (2000-2005) **Denmark** Support to PCCB (2007-2008)
		Norway Analysis of voter registration Zanzibar Norway Support to PCCB 2008 Norway Support to Bunge Norway Supporting UNCAC participation Norway Support to Anti Corruption Strategy (NACSAP) Norway Review of Anti Corruption Institutions in Tanzania (2008) Norway Election support, election observation Norway Establishment of permanent voter register
		Sweden Deepening Democracy Programme (joint with Denmark and UK) Sweden National Audit Office Development Programme Phase 1 (2004-2007) Sweden National Audit Office Development Programme Phase II (2008-2011)
		UK Deepening democracy in Tanzania programme (2007-2010) (joint with Denmark and Sweden) **UK** Support to 2005 elections (2005-2006) UK Tackling Corruption Project (2008-2012) UK Review of Anti Corruption Institutions in Tanzania (2008) UK Establishment of permanent voter register UK Assistance to Parliament in oversight role (2005-2008) UK CoST

UNCAC Headings	Extracts	Selected Programmes
Preventive AC body or bodies	*(a) Implementing the policies referred to in article 5 of this Convention and, where appropriate, overseeing and coordinating the implementation of those policies;* *(b) Increasing and disseminating knowledge about the prevention of corruption.*	**Denmark** Commission for Human Rights and Good Governance and Law Reform Commission (2001-2004) (42m DKK) **Denmark** Good Governance, Human Rights and Democracy Component 1, Democratisation and Domestic Accountability (2008-2010) **Denmark** Support to electoral commissions (2000-2005) **Denmark** Support to PCCB (2007-2008)
		Norway Support to PCCB 2008 Norway Review of Anti Corruption Institutions in Tanzania (2008) Norway Election support, election observation **Norway** Analysis of voter registration Zanzibar Norway Establishment of permanent voter register
		Sweden Deepening Democracy (2008-2010)
		UK Tackling Corruption Project (TCP) (2008-2012) UK Deepening Democracy (2008-2010) **UK** Review of Anti Corruption Institutions in Tanzania (2008)
Public sector	*to adopt, maintain and strengthen systems for the recruitment, hiring, retention, promotion and retirement of civil servants and, where appropriate, other non-elected public officials:* *(a) That are based on principles of efficiency, transparency and objective criteria such as merit, equity and aptitude; etc.*	**Denmark** Local Government Reform Programme Phase I (2002-2005) **Denmark** Local Government Reform Programme Phase II (2005-2008) **Denmark** Public Sector Reform Programme (2001-2004) **Denmark** REDET phase V (2005-2007) **Denmark** Good Governance, Human Rights and Democracy Component 1, Democratisation and Domestic Accountability (2008-2010) **Denmark** Workshop on PSR (2005-2006)
		Norway Local Government Reform Programme Phase I (2002-2005) **Norway** Local Government Reform Programme Phase II (2005-2008**)**
		Sweden Local Government Reform Programme Phase I (2002-2005) **Sweden** Local Government Reform Programme Phase II (2005-2008**)**
		UK Public Sector Reform Programme (2003-2008) **UK** PRAP (2008-2012) **UK** Selective accelerated salary enhancement (2004-2007)

UNCAC Headings	Extracts	Selected Programmes
Code of conduct for public officials	*promote, inter alia, integrity, honesty and responsibility among its public officials,….. establishing measures and systems to facilitate the reporting by public officials of acts of corruption to appropriate authorities*	Denmark
		Norway
		Sweden
		UK PRAP (2008-2012)
Public procurement and PFM	*establish appropriate systems of procurement, based on transparency, competition and objective criteria in decision-making, that are effective, inter alia, in preventing corruption…..* *….take appropriate measures to promote transparency and accountability in the management of public finances.*	**Denmark** Local Government Reform Programme Phase I (2002-2005) (10m DKK per year) **Denmark** Local Government Reform Programme Phase II (2005-2008) **Denmark** Public Financial Management Reform Programme (2002-2006) (10m DKK per year) **Denmark** Public Financial Management Reform Programme (2006-2008) **Denmark** Governance Programme Component 3 (2008-2010) **Denmark** Support to Tanzania Revenue Authority (2003-2008)
		Norway Local Government Reform Programme Phase I (2002-2005) **Norway** Local Government Reform Programme Phase II (2005-2008**)** Norway Advice and Technical Assistance on Mining Tax Norway Public Expenditure Review (2002); Norway Public Financial Management (PFM) Reform program 2007-2010 **Norway** Promoting Sound Management of natural resources primarily in the forestry sector
		Sweden Local Government Reform Programme (2002 -) **Sweden** National Audit Office Development Programme Phase I (2004-2007), **Sweden** National Audit Office Development Programme Phase II (2008-2011)
		UK Public Expenditure financial accountability review – PEFAR (2005-2006) **UK** Public Financial Management Reform (2004-2009)

UNCAC Headings	Extracts	Selected Programmes
Public reporting	*to enhance transparency in its public administration, including with regard to its organization, functioning and decision-making processes, where appropriate.*	**Denmark** Local Government Reform Programme Phase I (200-2005) (10m DKK per year) **Denmark** Local Government Reform Programme Phase II (2005-2008)
		Norway Local Government Reform Programme Phase I (2002-2005) **Norway** Local Government Reform Programme Phase II (2005-2008**)**
		Sweden Local Government Reform Programme (2002 -)
		UK Communication and Access to Information (2003-2005)
Measures relating to the judiciary and prosecution services	*Bearing in mind the independence of the judiciary and its crucial role in combating corruption, each State Party shall, in accordance with the fundamental principles of its legal system and without prejudice to judicial independence, take measures to strengthen integrity and to prevent opportunities for corruption among members of the judiciary.*	**Denmark** Legal Sector Reform Programme 2005-2008 (30m DKK) Denmark Governance Programme, component 2 Human Rights and Access to Justice (2008-2010) Denmark Commission for Human Rights and Good Governance and Law Reform Commission (2001-2005) **Denmark** Legal Reform Quick Start Project
		Norway Women's Legal Aid Centre Norway Consultancy for Legal and Human Rights Centre **Norway** Legal Reform– Quick Start Project
		Sweden Legal and Human Rights Centre (2007-2009)
		UK Tackling Corruption Project (2008-2010)
Private sector	*to prevent corruption involving the private sector, enhance accounting and auditing standards in the private sector and, where appropriate, provide effective, proportionate and dissuasive civil, administrative or criminal penalties for failure to comply with such measures.*	**Denmark** Business Sector Support Programme Phase II **Denmark** Business Sector Support Programme Phase III (2008-2013)
		Norway Programme to formalize business and property rights (2009)
		Sweden Support to Tanzania Chamber of Commerce (1997-2007) **Sweden** Financial Services Deepening Trust
		UK Financial Sector Reform Programme (2007-2011) **UK** Private Sector Competitiveness Programme (2006-2012) **UK** Business Environment Strengthening Programme for Tanzania (BEST) (2003-2013)

UNCAC Headings	Extracts	Selected Programmes
Participation of society	*to promote the active participation of individuals and groups outside the public sector, such as civil society, non-governmental organizations and community-based organizations, in the prevention of and the fight against corruption and to raise public awareness regarding the existence, causes and gravity of and the threat posed by corruption.*	Denmark Good Governance, Human Rights and Democracy Component 1, Democratisation and Domestic Accountability, Deepening Democracy (2008-2011) Denmark Good Governance, Human Rights and Democracy Component 2 Human Rights and Access to Justice (2008-2011) Denmark Support to Foundation for Civil Society
		Norway Support to Haki Elimu **Norway** Adult Education in Advocacy **Norway** CHAWATA **Norway** Civil Society Study **Norway** Consultancy for Legal and Human Rights Centre **Norway** Support to ESAURP **Norway** Accountability in Tanzania Programme (ACT) **Norway** Support to Media Council **Norway** Women's Legal Aid Centre **Norway** Promoting Sound Management of natural resources primarily in the forestry sector
		Sweden Media Council of Tanzania **Sweden** Deepening Democracy Programme (2008-2010) **Sweden** Support to HakiElimu (2008-2011) **Sweden** Legal and Human Rights Centre
		UK Improving governance of forest resources – work with non state actors (2008-2011) **UK** Support to HakiElimu – transparency in the education sector (2008-2011) **UK** Accountability in Tanzania Programme (ACT) 2008-2013 **UK** Tanzania Media Fund (2008-2010) **UK** Support to NGO policy forum (2004-2006) **UK** Deepening Democracy (2008-2010) **UK** Foundation for Civil Society
Measures to prevent money-laundering		Denmark
		Norway
		Sweden
		UK

UNCAC Headings	Extracts	Selected Programmes
Criminalisation and law enforcement		**Denmark** Support to PCCB (2007-2008) **Denmark** Legal Sector Reform Programme 2005-2008 (30m DKK) Denmark Governance Programme, component 2 Human Rights and Access to Justice (2008-2010) Denmark Commission for Human Rights and Good Governance and Law Reform Commission (2001-2005) **Denmark** Legal Reform Quick Start Project
		Norway Women's Legal Aid Centre Norway Consultancy for Legal and Human Rights Centre **Norway** Legal Reform– Quick Start Project Norway Support to PCCB 2008 Norway Review of Anti Corruption Institutions in Tanzania (2008)
		Sweden Legal and Human Rights Centre (2007-2009)
		UK Tackling Corruption Project (2008-2012) **UK** Review of Anti Corruption Institutions in Tanzania (2008)
International cooperation		
Asset recovery		

Establishing preventative AC policy and practices

All donors have provided support to direct AC initiatives. This support has grown over the evaluation period as grand corruption scandals, media and civil society attention and assessments of corruption in Tanzania combine to present an increasingly pessimistic picture.

Table 1: Commissioning Donor Support to establishing preventative anti-corruption policy and practices 2002-2009

	Denmark	Norway	Sweden	UK
Support to National Anti-Corruption Strategy and Action Plan (NACSAP)		→		
Tackling Corruption Project				→
Support to Prevention and Combating of Corruption Bureau (PCCB)		→		
PCCB National governance and anti corruption survey	→			
Support to UNCAC participation		→		

NACSAP is GoT's over-arching AC strategy (under Mkukuta). At a high level, NACSAP II provides the broad framework for commissioning donor support to preventative AC policy and practices. But of the commissioning donors, only Norway has used NACSAP as the direct platform for their AC efforts; through a UNDP project 'Support to Strengthening the Capacities to Combat Corruption in Tanzania'.

Towards the end of the evaluation period, donors initiated new AC efforts focused on specific AC institutions, particularly the PCCB.

- Denmark supported PCCB National Governance and Anti-Corruption Survey
- In 2008 DFID and Norway jointly financed a review of the legal and institutional arrangements for implementation of NACSAP with the objective of identifying capacity gaps as the basis for a joint intervention.[1] Norway subsequently decided not to fund and DFID developed the Tackling Corruption Project with a focus on grand corruption.
- Norway funded the PCCB in 2008 to support its investigative capacity, in particular in relation to corruption in the natural resources sector. Norway's support was a direct response to the 2007 TRAFFIC[2] report on corruption in the sector.

Dealing with corruption in the public sector

Much donor attention has been given to governance and public financial management (PFM) reform programmes

1 de Speville et al 2008.
2 TRAFFIC 2007 *Forestry, governance and national development: Lessons learned from a logging boom in southern Tanzania*

Table 2: Commissioning Donor support to dealing with corruption in the public sector 2002–2009

	Denmark	Norway	Sweden	UK
GOVERNANCE REFORM PROGRAMMES				
Business Environment Strengthening for Tanzania (BEST)	→		→	→
Legal Sector Reform Programme (LSRP)[3]	→		→	
Local Government Reform Programme Phases I & II (LGRP)[4]	→	→	→	
Public Sector Reform Programme Phases I &II (PSRP)[5]	→			→
Selective Accelerated Salary Enhancement				→
Performance Results Accountability Programme				→
Support to Tanzania Revenue Authority[6]	→		→	→
PROCUREMENT AND FINANCIAL MANAGEMENT				
Public Financial Management Reform Programme (PFMRP)[7]	→	→	→	→
National Audit Office Development Programme Phases I &II			→	
Assistance to Parliament in oversight role			→	→
Deepening Democracy: Good & Accountable Governance Component	→			→

None of the governance reform programmes was designed explicitly to address corruption.[8] There is no evidence that the design of these programmes included an analysis of corruption or drew on civil society inputs in relation to corruption.[9] In particular, there was no analysis of the effect of public sector corruption on the poor and marginalised, including women.

Overall, the focus of the reform programmes has been on general improvement of governance and of systems. The implicit or explicit understanding was that such improvements would reduce opportunities for corruption and leakage. There are elements of the reform programmes that could impact indirectly on corruption such as the Good Governance component of the LGRP and, under the PSRP, the Individual Open Performance Appraisal System and the formation of the Public Service Commission.

3 Sweden support ended in 2008
4 Denmark support phased out towards the end of the evaluation period
5 Denmark support phased out towards the end of the evaluation period
6 Sweden support ended in 2004
7 Norway also supports a PFM project with the Ministry of Finance and Economic Affairs on Zanzibar
8 See overview of main component of programme design at Annex 8
9 CSOs were involved in the design of the LSRP and have latterly become more active in shaping the priorities. The most active CSOs are the National Organisation for Legal Assistance, and the Legal and Human Rights Centre. The CSO group in the LSRP is, however, led by the Tanganyika Law Society that does not have a reputation of active engagement in the sector.

The operation of parallel informal rules and systems remains an obstacle to governance reform focusing on improving policies and systems in formal institutions. This has been picked up by donor analyses[10] but has not been addressed by donors.

Where support has been provided to a specific GoT institution, such as the Tanzania Revenue Authority (TRA), engagement on AC was weak, at least initially.

All four commissioning donors' support to the Public Financial Management Reform Programme (PFMRP) is strongly linked to their provision of GBS. The Public Expenditure and Financial Accountability Review (PEFAR) (2006), the joint donor PFM diagnostic that shapes the PFMRP's Strategic Plan 2008, makes a creditable attempt at analysing corruption in PFM. It provides evidence on detected forms of corruption in budget execution, as well as progress in the fight against corruption.[11]

Although the PFMRP strategic plan does not seek to identify, prevent or sanction cases of public finance mismanagement linked to corruption, the PFMRP does aim to strengthen cases of public finance mismanagement linked to poor systems. In addition, the PFMRP combines with bilateral funding to assist key oversight institutions with a role to play in AC, namely the National Audit Office headed by the Controller & Auditor General, Parliamentary Oversight Committees[12], and the Public Procurement Regulatory Authority.[13] This makes PFMRP highly relevant to the fight against corruption, notwithstanding the lack of built-in linkages with NACSAP. There has been little explicit focus on anti corruption in the design of this support but OCs and the NAO are perceived as institutions growing in effectiveness in the fight against public finance mismanagement in Tanzania.

Dealing with corruption in political processes

All the commissioning donors have supported governance in political processes during the evaluation period, in particular supporting the election process in 2005.[14]

Table 3: Commissioning Donor Support to dealing with corruption in political processes 2002-2009

	Denmark	Norway	Sweden	UK
Deepening Democracy Programme	→		→	→
Support to 2005 elections	→	→	→	→

This support has, to a considerable degree, been provided through UNDP employing a highly technocratic 'menu' based approach, with a focus on systems and capacity building and only weak linkages to the fight against corruption. Donors have not addressed key issues such as election financing.

10 Hyden 2005
11 Corruption is mentioned in 51 instances, including: number of cases prosecuted by the PCCB; the lack of a framework to make public reporting of corruption more effective; Tanzania's initial failure to qualify for Millennium Challenge Account funds; TI's CPI scores; estimated percentage loss of government expenditure on procurement due to corruption; lack of sanction; and the role of media in tackling corruption.
12 Sweden and UK
13 through USAID
14 Similar support is planned for the elections in 2010

Dealing with corruption in the private sector and financial institutions

The majority of commissioning donors have engaged in programmes of support to the private and financial sectors.

Table 4: Commissioning Donor Support to the private sector and financial institutions 2002-2009

	Denmark	Norway	Sweden	UK
Support to Tanzania Chamber of Commerce, Industry and Agriculture			→	
Business Environment Strengthening in Tanzania (BEST)	→		→	→
Financial Sector Reform Programme				→

The strengthening of the business environment has been a focus area for Denmark, Sweden and the UK, primarily through the BEST Programme. Despite the dual role of the private sector in Tanzania as both a driver and victim of corruption, there has been little or no focus on corruption in the private sector in either donors' country assessments or in their programming. Sweden's long running[15] support to the Tanzania Chambers of Commerce, Industry and Agriculture had no focus on improving business ethics, for example.

Participation of society

All commissioning donors have engaged in programmes to support society to provide accountability that has begun to have an explicit AC underpinning.

Table 5: Commissioning Donor support to participation of society 2002-2009

	Denmark	Norway	Sweden	UK
Accountability in Tanzania (AcT)				→
Research and Education for Democracy in Tanzania Project (REDET)	→			
Support to the Foundation for Civil Society	→			→
Support to NGO Policy Forum				→
Support to Haki Elimu		→	→	→
Support to the Media Council	→	→	→	
Support to Tanzania Media Fund	→			→
Legal and Human Rights Centre		→	→	
National Organisation for Legal Assistance	→	→	→	

15 1995-2009

Donors have taken a variety of approaches to addressing the demand side:

- **Autonomous civil society support mechanisms**: NGO Policy Forum; Foundation for Civil Society; AcT
- **Information and research**: REDET; REPOA
- **Support to specific NGOs**: Haki Elimu addresses greater accountability and improved governance in education. Legal CSOs such as Nola and LHRC deal with advocacy, strategic litigation, public education and the provision of legal aid.
- **Support to the media**: All four commissioning donors have supported the media to strengthen the ethics of journalists and media outlets, to increase the standard of investigative journalism in relation to governance related issues and to support the media's informed contribution to the debate on freedom of the press.[16]

There were no commissioning donor programmes over the evaluation period that addressed public reporting (UNCAC Article 10) (see table 2.1 in chapter 2).[17]

Dealing with criminalisation and corruption in the judiciary and prosecution sectors

All commissioning donors have engaged in programmes that deal with legal sector reform and support to the prosecution and investigation of corruption.

Table 6: Commissioning Donor support to the legal sector 2002-2009

	Denmark	Norway	Sweden	UK
Legal Reform Quick Start Project	→	→	→	
Legal Sector Reform Programme	→		→	
Tackling Corruption Project				→

Donors' prime support to the legal sector has been provided through the multi-donor funded LSRP which has not had an explicit AC focus neither on reducing corruption in the justice sector nor on improving the prosecution of corruption cases. DFID's recent Tackling Corruption Project seeks to strengthen specific institutions key to the criminalisation of corruption, including the DPP, and Norway's support to the PCCB has included the Financial Intelligence Unit, which deals with money laundering.

16 Eg. The Right to Information Bill and Media Services Bill

17 DFID considered providing support to public reporting which would have included supporting the State House Communications Action Plan, as well as a number of CSOs to support a *Haki Kujua* (right to know) campaign. But by 2006 these plans had been dropped as overlapping with existing programmes and with UNDP's support to the Communication Directorate.

ANNEX 6:
Country context description

Introduction

There has been a political commitment to fighting corruption in Tanzania since 1996 when the Warioba report, detailing the state of corruption in the country, was published. Institutions have been established to investigate and prosecute corruption and to provide oversight and prevent corruption. A comprehensive legal framework to prevent and deal with corruption is in place. Nevertheless both petty and grand corruption remains prevalent in Tanzania.

Political economy

Tanzania has enjoyed relative economic success since the economic reforms of the 1990s. Prior to that, the economy was state controlled. Liberalisation gave a small group of Tanzanians the opportunity to acquire personal wealth and a middle class began to develop. Tanzania's economy has achieved annual growth of approximately 7 percent over the past five years. It has a relatively stable currency and rate of inflation. Yet, it is one of the poorest countries in the world. 36% of the population is below the poverty line[1] and the UN's Human Development Index 2008 ranks Tanzania 152 out of 179.[2]

Agriculture is the basis of the Tanzanian economy. It accounts for about half of the national income and provides employment opportunities for about 80 percent of Tanzanians.[3] Tourism and natural resources are growing areas of the economy. Industry is a relatively small part of the economy but Tanzania possesses a range of mineral resources (including gold and diamonds), natural gas deposits, and some oil traces. Production of gold accounted for 44% of the value of exports in 2007 and is still increasing. There are large reserves of natural gas.

Mainland Tanganyika gained independence from Britain in 1961. Three years later, in 1964, the Zanzibar and Pemba Islands were merged with Tanganyika to become the United Republic of Tanzania. The islands of Zanzibar and Pemba became federated and semi-autonomous but their status in relation to the mainland has been a long-term source of tension.

Although opposition parties were legalized in 1992 under the country's second President, Ali Hassan Mwinyi, the Chama Cha Mapinduzi (CCM), the party of the first President, Julius Nyerere, has dominated Tanzania's political life since inde-

1 World Bank 2007. http://devdata.worldbank.org
2 http://origin-hdr.undp.org/en/statistics/
3 www.tanzania.go.tz

pendence. Under Nyerere, Tanzania was a one party socialist state. Multiparty elections were first held in 1995.

President Benjamin Mkapa was elected in 1995 and re-elected five years later. In 1995 he appointed a commission to assess the state of corruption and to make recommendations. The resulting report, the Warioba Report (1996), formed the basis of the 1999 National Anti-corruption Strategy and Action Plan (NACSAP).

The current President, Jakaya Kikwete was elected in 2005. The next elections are due in 2010[4] and the question of how to deal with corruption is likely to be a leading issue perhaps more for the minority urban elite than the majority rural electorate.

1 Corruption measures

Overall corruption

The current President, Jakaya Kikwete, has shown the political commitment to fight corruption. On opening the new Prevention and Combating of Corruption Bureau (PCCB) in July 2009, he told the PCCB that they must deal with corruption effectively or resign.[5] A 2009 poll[6] found that most Tanzanians approve of measures taken by the Government against corruption. 54% of respondents had positive views on the drive against grand corruption, but only 23 per cent thought that corruption is at the top of the Government's list of priorities.

The public perception of corruption has declined more or less steadily since 2002 but its highest score of 3.2 is still disappointingly low. The World Bank's 2008 World Governance Indicators show encouraging trends in control of corruption in Tanzania, reaching its high score in 2006 but showing some decline since.

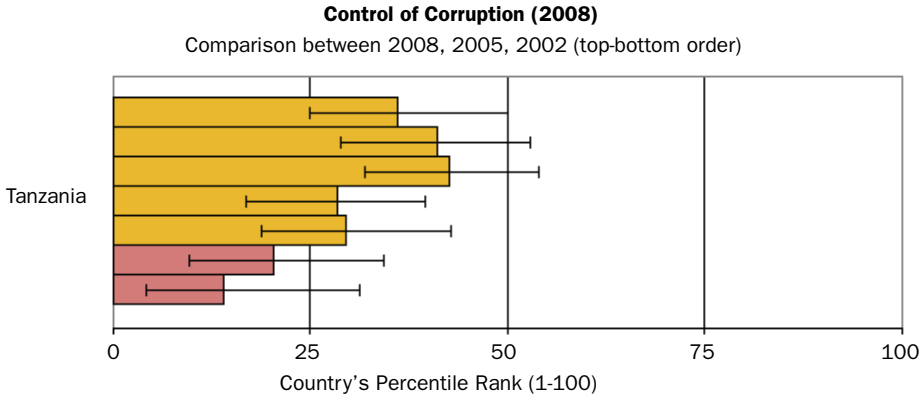
Corruption is still, however, a major challenge for Tanzania. The Auditor General has estimated that 20% of the Government's budget is lost to corruption each year.[7] An international independent audit of the Central Bank concluded that more than US$ 120 million has been lost to corruption in 2005 and 2006.[8] Tanzania scores 32 out of a possible 100 for freedom from corruption in the 2009 Index of Freedom.[9]

Table 1.1: Transparency International's Corruption Perception Index

Year	Rank (total)	Total Countries	Position from bottom	Score
2008	102	180	78	3.0
2007	94	179	85	3.2
2006	93	163	70	2.9
2005	88	158	70	2.9
2004	90	145	55	2.8
2003	92	133	41	2.3
2002	71	102	31	2.7

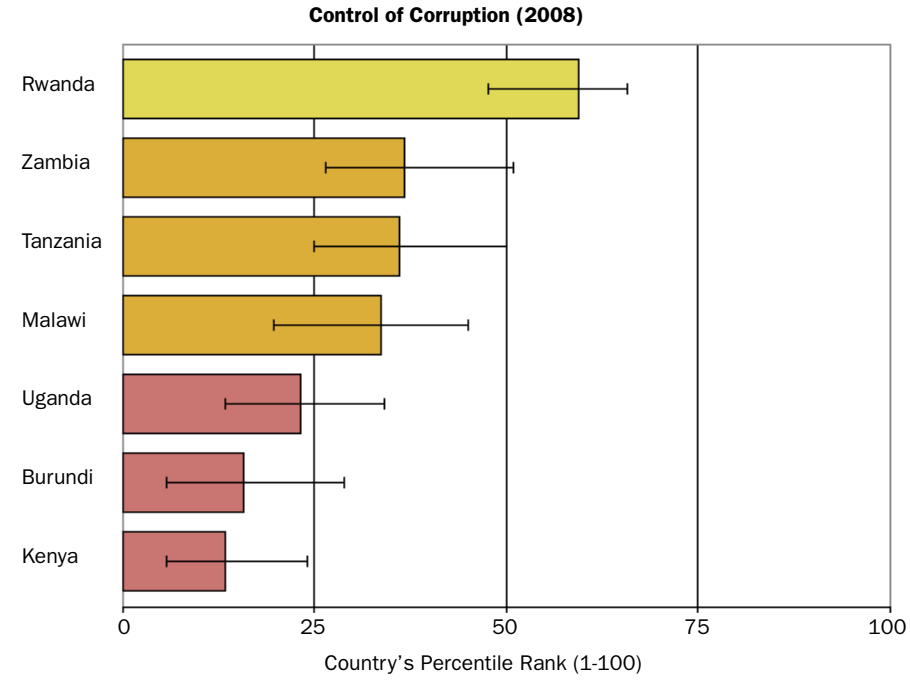
4 Since the writing of this report, President Kikwete was elected for a second term in elections in October 2010
5 Tanzania Corruption Tracker System. www.corruptiontracker.or.tz
6 Synovate Tanzania 2009 (formerly Steadmans)
7 Chêne, Marie. 2009. Overview of Corruption in Tanzania. U4
8 Chêne, Marie. 2009 and Business Anti-Corruption Portal at http://www.business-anti-corruption.com/country-profiles/sub-saharan-africa/tanzania/general-information/
9 http://www.heritage.org/Index/Country/Tanzania#freedom-from-corruption

Figure 1.1: World Governance Indicators for Tanzania



Source: Kaufman D., A. Kraay, and M. Mastruzzi 2009: Governance Matters VIII: Governance Indicators for 1996-2008
Note: The governance indicators presented here aggregate the views on the quality of governance provided by a large number of enterprise, citizen and expert survey respondents in industrial and developing countries. These data are gathered from a number of survey institutions, think thanks, non-governmental organizations, and international organizations. The WGI do not reflect the official views of the World Bank, its Executive Directors, or the countries they represent. The WGI are not used by the World Bank Group to allocate resources.

Figure 1.2: Control of corruption 2008 – comparison with neighboring countries[10]



10 Source World Bank, Kaufmann D., A. Kraay, and M. Mastruzzi 2009: Governance Matters VIII: Governance Indicators for 1996-2008

Causes of corruption

Key drivers of corruption in Tanzania are complex but are based around patronage and personal power relationships. Political clientelism is a cause of corruption. This severely hampers attempts to introduce great transparency and accountability in the use of public funds.[11]

Laws, rule and regulations are often used to further personal enrichment or other agendas rather than to further the public good. Accountability tends to be personal rather than institutional.

Costs of corruption

There is substantial evidence of the link between corruption and poverty. Although the relationship between the two is a complex one, put simply corruption is a brake on economic growth. It increases the burden on the private sector in terms of the cost of gaining licences to operate, paying taxes, buying or leasing land and enforcing contracts. A corrupt public service will seek to maintain complex systems of rules and regulations and oppose simplifying them. Not only is the financial and time cost high for the entrepreneur, but also the unpredictability afforded by a corrupt system makes it difficult for business to plan and to grow. Corruption is rarely the only constraint on economic growth but acts to compound the negative effects of other factors. Enterprises in Tanzania in 2004 were most likely to rate corruption as a major or very severe obstacle on par with tax rates and administration, electricity, macro economic instability and cost of financing and access to finance.[12]

One consequence of a corrupt business environment is a large informal sector that, in turn, reduces the revenues available to the government for public spend. According to the U4 Anti-Corruption Resource Centre 2005, taxes only account for about 12% of GDP. President Kikwete has estimated that a third of the government's annual budget is lost through corruption.[13]

Foreign companies are reported to prefer to arbitrate contractual disagreements outside Tanzania rather than use the inefficient, unpredictable and corrupt Tanzanian court system. International and non-Tanzanian arbitration awards are difficult to enforce in Tanzania, again raising the cost for companies investing in Tanzania and deterring others from doing so.

In addition, a justice system weakened by corruption reduces access to justice for the poor. Reduced access to public services such as education, health, safety and security due to corrupt public officals increases the burden on the poor. The poor pay a comparatively higher percentage of their income in bribes than do the rich.

Corruption is hampering the attempts to make local government and the civil service more accountable.[14]

11 Hyden, Goran. 2005. "Why things happen the way they do. A power analysis of Tanzania" SIDA
12 IFC/World Bank 2004 Investment Climate Assessment, Improving Enterprise, Performance and Growth in Tanzania
13 Speech at the July 2009 opening of the new Prevention and Combating Corruption Bureau (PCCB)
14 ODI 2007 Country Analysis.

Political corruption

Both petty and grand corruption is present in the political sphere. The introduction of multi party politics in 1992 served to intensify the political clientelism that had been emerging since Nyerere stepped down. The CCM party dominates politics and controls a broad sphere of the Tanzanian economy and political affairs.

There are signs, however, that the political will is there to deal with grand corruption. Two recent grand corruption scandals have led to the sacking or resignation of high placed public officials, an occurrence almost unheard of in Africa. No prosecutions have resulted.[15]

- The Richmond Affair was a corruption scandal that emerged in 2008 and led to the resignation of the Prime Minister, Edward Lowassa, and two other cabinet ministers (Nazir Karamagi and Ibrahim Msabaha) over the improper granting of a contract for a fuel pipeline and generators. The entire cabinet was dissolved.
- The External Payment Arrears (EPA) scandal resulted in the sacking of the governor of the central bank in early 2009 after an international audit revealed the disappearance of $131 million of public funds from the bank.

The public's perception of the level of corruption amongst politicians is decreasing. The Afrobarometer survey of 2006 found that where 58% of those surveyed thought that some, most or all elected officials were corrupt in 2003, only 38% thought the same for MPs and 44 % for elected local government councillors in 2005.

There is currently much finger pointing currently among MPs accusing others of grand corruption. Some of these accusations stem for a desire for personal political advantage but others are genuine.[16] Payments by businesses to influence government policy are common practice.[17]

Public sector corruption

Administrative corruption, both petty and grand, is pervasive. The World Economic Forum Global Competitiveness Report 2008-09 found that corruption is one of the major constraints for doing business in the country.[18] The proportion of the business community that finds it so has, however, declined in recent years indicating a possible reduction in levels of public sector corruption as it affects business.[19]

The level and extent of public sector corruption varies across the country. The World Bank and IFC Investment Climate Assessment of 2004 identified Tanga, Iringa/Mbeya, Dar es Salaam and Arusha as having the most serious problem with corruption.[20] The findings of a 2006 REPOA survey on perception of corruption as a serious problem range from 74% in Mwanza to 44% in Iringa.[21]

15 Since this report was written, ex Bank of Tanzania director Liyumba has been sentenced to 2 years prison for abuse of office in connection with the EPA scandal
16 interview with NORAD official, August 2009
17 2004 World Bank-IFC Investment Climate Assessment
18 www.weforum.org/dpcuments/GCR0809/index.html
19 The IFC Enterprise Survey 2006 found that 20% of companies surveyed thought corruption one of the largest constraints in contrast to 51% in 2003.
20 http://siteresources.worldbank.org/EXTAFRSUMAFTPS/Resources/ICA001.pdf
21 Fjeldstat, Odd-Helge, Ngalewa, Erasto, Katera, Lucas. 2008. "Citizens Demand Tougher Action on Corruption in Tanzania." REPOA.

Facilitation payments to speed up government processes are common. 49.5 % of companies surveyed in the World Bank 2006 Enterprise Survey expect to make informal payments to get things done and confirm that facilitation payments are expected for all services from utilities connections to licences and permits. The 2004 World Bank IFC Investment Climate Assessment estimates the median amount payable as 0.3% of sales.

Tight sector leadership and regulation can reduce corruption and increase efficiency. The establishment of the Tanzania Road Agency (TAN ROADS) has improved the supervision of contractors performing road maintenance. Several contractors and public servants have been sanctioned for unethical or corrupt behaviour.[22]

The most corrupt areas of the public sector are thought to be public procurement, tax administration, the Police, the legal system and the natural resources management sector.[23] A 2009 survey reports that the Police Force and judiciary are perceived to be the most corrupt institutions in Tanzania at 46% and 34 %, respectively.[24] Findings from citizen's surveys in District Councils across Tanzania show a slightly different picture (see table below). Ordinary citizens are ranked as the most corrupt in 2006, perhaps due to anti corruption awareness campaigns that place responsibility on the individual to refuse to pay bribes.[25]

Table 1.2: Who are perceived as the most corrupt?

Ranking	2003	2006
1	Police	Ordinary citizens
2	Ordinary citizens	Local Government Officials
3	Local Government Officials	Police
4	Health workers	Health workers
5	Business people	Village leaders

Source: Citizens Surveys 2003 & 2006, REPOA

At the local government level, staff recruitment and transfers, management of revenues and land allocation are the most corrupt areas of operation.[26]

Public procurement

Safeguards are in place to prevent corruption. Tender boards are obliged to declare conflicts of interest for example and the Public Procurement Act requires blacklisting of companies if shown to have been corrupt. However, companies found guilty of irregularities continue to be considered in bids. The sector is one of the sectors most affected by corruption in Tanzania. The World Bank-IFC Enterprise Survey of 2006 found that 42% of companies

22 http://www.business-anti-corruption.com/en/country-profiles/sub-saharan-africa/tanzania/corruption-levels/licences-infrastructure-and-public-utilities/
23 Chêne, Marie. 2009. Overview of Corruption in Tanzania. U4
24 Synovate 2009
25 Fjeldstat, Odd-Helge, Ngalewa, Erasto, Katera, Lucas. 2008. "Citizens Demand Tougher Action on Corruption in Tanzania." REPOA.
26 NACSAP II 2006-2010

expect to pay to secure a government contract. The average payment is 3% of the contract value. Procurement at local level is more likely to be corrupt than at national level.[27]

Tax Administration

The Tanzania Revenue Authority (TRA) was created in 1996 and was initially successful in increasing revenue collected and decreasing corruption. By the mid 2000s revenue was falling and reported levels of corruption on the increase.

The numerous and complex tax laws provide multiple opportunities for TRA staff to extract bribes.[28]

Box 1.1: Corruption in the Tanzania Revenue Authority (TRA)

- 55% of respondents to the 2006 Afrobarometer survey believe that some, most or all TRA officials are corrupt;
- According to the Controller and Auditor General in 2007-08 less than 50% of the taxes that should have been collected were actually collected in 2007/08 and there was a Tshs 196bn (US$ 142 million) difference between what the TRA reports as having transferred to the Exchequer Account and what it actually did transfer;
- In November 2009, the PCCB arrested five suspects in a case involving theft of US$77m in taxes paid by the Tanzania Telecommunications Company Limited (TTCL), to the TRA. The case was a typical example of collusion – in this case between individuals from TTCL (a parastatal), TRA, and the National Bank of Commerce.[29.]

Political will to tackle corruption in the administration of tax appears to be strengthening. In 2008 the then permanent secretary to the Treasury was prosecuted for abuse of office. He had granted tax exemptions to a company in defiance of TRA advice. The Tanzanian Revenue Authority (TRA) has increased prosecutions of tax evaders, but a weak and corrupt judicial system has been a major obstacle to the convictions.[30]

The Police

In 2003, The Prevention of Corruption Bureau (PCB) rated the Police as the most corrupt institution in Tanzania when it topped the table for the number of corruption allegations against it. 72% of respondents to the Afrobarometer survey of 2006 believed that some, most or all police are corrupt. In 2004, 25% of enterprises dealing with the municipal police reported being asked for bribes.[31]

There is some indication that the police are perceived as less corrupt than previously. Where a 2003 study of residents in six councils[32] rated the police as the most corrupt institution, a follow up 2006 study saw them drop to third place.

27 Business Anti-Corruption Portal
28 The World Bank & IFC: Doing Business 2010 found that, during the course of a year, a medium-sized company can expect make an average of 48 separate tax payments at a total tax rate of 45.2% of profits, and spend 172 hours managing the administrative tasks associated with those payments
29 Corruption tracker
30 http://www.business-anti-corruption.com/en/country-profiles/sub-saharan-africa/tanzania/corruption-levels/tax-administration/
31 IFC / World Bank 2004 Investment Climate Assessment, Improving Enterprise, Performance and Growth in Tanzania
32 Fjeldstat, Odd-Helge, Ngalewa, Erasto, Katera, Lucas. 2008. “Citizens Demand Tougher Action on Corruption in Tanzania.” REPOA.

The Judicial System

The legal system is slow and vulnerable to corruption.[33] The World Bank & IFC: Doing Business 2010 found that enforcing commercial contracts requires a small or medium-sized company to go through 38 procedures, taking an average of 462 days at an average cost of 14% of the claim.[34]

The first diagnostic, in depth assessment of the challenges facing the legal sector was published in 1996[35]. The report found inordinate delays in the justice system, limited access to justice, corruption and other unethical conduct, low levels of public trust in the legal system and low levels of competence. These are still the core causes of the weakness of the legal sector today. A 2006 report from Freedom House[36] blames a poor regulatory framework, weak management and weak coordination of justice sector institutions for the high level of corruption in the sector.

The Constitution preserves the independence of the judiciary but, in practice, the judiciary is sometimes subject to political pressure. Matters may be improving, however. The banning by the High Court in 2006 of the traditional practice of *takrima* where politicians give voters food, drink and gifts during election campaigns was a promising sign of political independence on the part of the judiciary.

Natural Resources Management

Tanzania's revenues from its natural resources are dramatically reduced by corruption at both local and national levels. Traffic[37] estimated in 2007 that lost revenues from timber amount to 96% of potential revenues. It is further estimated that revenue lost from the Forestry and Beekeeping division could be as high as US$ 58 million per year. This loss in revenue is due to the high level of politicisation of the sector and the corresponding high level of corruption in government and associated private companies.

Box 1.2: Corruption in the logging sector

NGO TRAFFIC's 2007 report: '**Forestry, governance and national development: Lessons learned from a logging boom in southern Tanzania'** found that millions of dollars worth of timber revenue was being lost each year in Tanzania through poor governance and rampant corruption, resulting in illegal logging and exports of forest products. The annual loss of timber revenue in Tanzania was found to be equivalent to the cost of building more than 10,000 secondary school classrooms or providing a quarter of Tanzanians with mosquito nets.

The report was authorized by the Ministry of Natural Resources and Tourism, and funded by Development Partners.

33 Index of Freedom 2009
34 http://www.doingbusiness.org/Documents/CountryProfiles/TZA.pdf
35 The Bomani Report 1996
36 www.freedomhouse.org/template.cfm?page=22&year=2006
37 www.traffic.org

Land officials solicit bribes for allocating land plots. This has led to the emergence of an informal land sector that, in Dar es Salaam, is estimated to account for at least 19,000 plots a year. High-level government officials abuse their positions to gain unauthorised access to land. Nepotism and corruption are also widespread in the allocation of hunting blocks due to the lack of transparency and oversight in Ministry of Wildlife.[38]

A 2006 independent evaluation of 12 years of Norwegian government support to the natural resources sector found that up to half of the total support of US$ 60 million might have been lost through corruption and mismanagement.[39]

Box 1.3: Misuse of Norway funds in the Natural Resources Sector

Norway supported the Management of Natural Resources Programme (MNRP) in Tanzania for 12 years from 1994 to 1996. Total funding amounted to about US$ 60 million, about US$ 5 million a year. In 2006, an independent final evaluation raised doubts about the financial management of the Programme. An independent audit firm was called in to audit 5 out of the 11 projects in the Programme. In all, half of the US$60 million was estimated to have been lost through corruption and mismanagement, although, as only a sample of financial records were audited, no audit report received by the Norwegian Embassy documents misuse of such a magnitude.

Financial mismanagement related to purchase of overpriced or non-existent goods and services and failure to follow procurement rules. Since 50-70% of the US$ 60 million was spent on workshops and similar 'capacity building' exercises, the majority of the money lost relates to the culture that has grown up around workshops paid for by development partners.

A former Programme Officer of MNRP has highlighted this issue in a published paper[40] and Norway plans to commission further study on the use and abuse of workshops in its development funding.

Corporate Corruption

Big business is inextricably linked to political and public sector corruption as the Richmond Affair and the level of corruption in public procurement illustrate.

2 Anti Corruption Strategy and Mechanisms

Tanzania's National Anti-corruption Strategy and Action Plan (NACSAP) of 1999 contained provisions for removing corrupt leaders, strengthening the Prevention of Corruption Bureau (PCB), appointing a Minister of Good Governance and establishing a Commission of Ethics. All ministries developed sector specific corruption plans in 2000 to improve transparency, increase public access to information and to

38 http://www.business-anti-corruption.com/en/country-profiles/sub-saharan-africa/tanzania/corruption-levels/land-administration/1
39 Jansen, Eirik G. 2009. "Does Aid Work? Reflections on a natural resources programme in Tanzania." Christian Michelson Institute. U4.
40 Jansen, E.G. (2009) *Does Aid Work? Reflections on a Natural Resources Programme in Tanzania*, CMI U4 Issue.

simplify procedures. The Public Leadership Code of Ethics of 2001 requires all public leaders to disclose assets.

NACSAP II (2006) reflects the current Government of Tanzania anti corruption strategy. The focus has extended beyond national ministries to working with local government, civil society and the private sector to tackle corruption. Local government authorities are required to develop anti corruption action plans.

Box 2.1: Summary of key elements of NACSAP II

The Strategy sets out eight key strategic goals:

- Combat corruption in a more scientific way and by addressing its root causes.
- Strengthen anticorruption mechanisms at all the MDAs
- Introduce systems of integrity, accountability and transparency in Local Government Administration
- Mainstream and empower the Private Sector into anticorruption
- Mainstream and empower CSOs and other non-state actors into the anticorruption processes.
- Raise public awareness of anticorruption
- Build synergy between NACSAP and Legislative and Judicial integrity programs.
- Enhance the capacity of PCCB, GGCU and Director of Public Prosecutions to deal with corruption, manage and implement NACSAP

NACSAP II is monitored and guided by a National Steering Committee, which by its broad composition ensures inclusiveness and participation of society (including civil society organizations, the media, the private sector and donors).

On the surface, Tanzania appears to have the required strength in political and institutional stability to manage anti corruption reforms and to improve its management of public funds. In practice, however, political and public corruption has been slow to diminish and the current administration has not been clear enough in its messages of support to the necessary reforms eg, for an increased role for civil society and for greater independence for the Prevention and Combating of Corruption Bureau (PCCB).

Civil Society, Public Information and Media

The freedoms of speech and association are guaranteed by the Constitution but these right are often violated by the state and civil society is weak in Tanzania. Although the constitution provides for freedom of speech, it does not specifically guarantee freedom of the press.

Civil society is largely excluded from official dialogue on anti corruption and is therefore unable to contribute effectively to the anti corruption reform process[41] although recent successes in challenging the Takrima law and Public Leadership Code of Ethics have been seen (see box 2.2 below).

41 Chêne, Marie. 2009. Overview of Corruption in Tanzania. U4

Box 2.2: Examples of CSO engagement with anti-corruption efforts

- Two CSOs (National Organisation for Legal Assistance and Legal Human Rights Centre) together successfully undertook public interest litigation to challenge the constitutionality of provisions in the National Elections Act that legalize the offering by electoral candidates of anything given in good faith, as an act of normal or traditional hospitality, commonly known as '*takrima*'. The High Court declared these statutory provisions to be unconstitutional and therefore null and void.
- CSOs have recently mounted a legal challenge to the Public Leadership Code of Ethics, seeking an order that current restrictions to the public's access to leaders' declarations of assets should be declared unconstitutional.

Civil society has had some successes in other policy areas, however. Policies such as the Land Policy and the NGO Policy were achieved by effective and tenacious civil society participation in the policy making process.

NGOs active in government oversight and accountability include REPOA (Research on Poverty Alleviation) and the Policy Forum. The Policy Forum coordinates NGO participation in government policy formation but is often excluded from the process. Agenda 2000, a Tanzanian NGO, has set up the Tanzania Corruption Tracker System[42] that "keeps a track record of publicly available information on presumed or confirmed cases of corruption in order to increase accountability and responsiveness in the fight against corruption."

The Tanzania Governance Noticeboard (TGN) is a government website where the public can access key government information such as statistics, budgets and audits. The aim is to strengthen accountability. A Freedom of Information Act has been much discussed but has not yet been passed.

Tanzania's media is diverse and largely free, responsible and active. Recent corruption scandals have been widely covered by the media. In a recent survey[43], the media was rated highest (38%) in the fight against corruption. Rural areas, however, suffer from far less access to the media than do urban areas, one of the factors leading to the low level of political participation in Tanzania.[44] There is no press freedom in Zanzibar.[45] Despite small recent improvements in media freedom in Zanzibar[46], there is little independence of the media and the media can only have a very limited role in holding the government to account.[47]There are no private broadcast media in Zanzibar.

The Catholic Church recently launched an attack in a pastoral letter on the government's handling of corruption. High-level officials in the ruling party, CCM, demanded withdrawal of the letter. Instead, more churches have joined the Catholic

42 www.corruptiontracker.or.tz
43 Synovate 2009
44 Bertelsmann Foundation 2008
45 Reporters Without Borders, 2004 Report
46 In 2005, the government licensed a number of private media outlets
47 RAP21 2005 Newletter No 14 http://www.rap21.org/article18601.html

Church in its call for more commitment from the government on tackling corruption in Tanzania.[48]

Elections

Complaints during the 2005 national elections included phantom voters and the use of the military in election operations, multiple voting, underage voting, illegal voting by military personnel, and failure by electoral authorities to release the voter register to the public before election day.

Until banned by the High Court in 2006 widespread misuse of the 'Takrima' clause of the Election Act in exchange for votes was common. The clause dealt with traditional hospitality defined as a gift given in good faith (see box 2.2 above).

Government Accountability (Executive, Legislative, Judicial, Budget Processes)

> *"Overall, the prevailing patterns of accountability add up to a weak structure of checks and balances and a structure of power dominated by the Presidency, the Executive and the CCM Party."*[49]

Executive

Executive power rests with the president, who is elected by direct popular vote for a five-year term and can serve a maximum of two terms. A 2005 report on accountability mechanisms in Tanzania[50] observed that the President and a small group of Ministers controls the national policy making process.

The same report found that the main mechanism of accountability at local government level is to the electorate and that, broadly, local government structures work and mechanisms of horizontal accountability operate. There is, however, a low level of transparency around how decisions are taken at a local level.

Legislative

Legislative power is vested in a unicameral National Assembly, the Bunge, with members serving five-year terms. The Bunge has 274 members, with 232 elected for a five-year term in single-seat constituencies. The remaining seats are reserved for women elected on the basis of proportional representation among the political parties represented in the National Assembly.
Parliament has clear mechanisms to scrutinise the executive. Its scrutiny functions have recently improved and Parliament is increasingly willing to use them. It has difficulty holding the executive to account, however, due to the large majority that the ruling party (the CCM) has in parliament.

The public has a relatively high regard for Parliament. In a recent survey, respondents rated Parliament as the least corrupt institution (9%).[51]

48 www.corruptiontracker.or.tz
49 Lawson, A and Rakner, Lise. 2005. "Understanding patterns of accountability in Tanzania. Final Synthesis Report." Oxford Policy Management
50 ibid
51 Synovate 2009

Judicial

Tanzania's judiciary has displayed some signs of autonomy and independence after decades of subservience to the CCM, but it remains weak, corrupt and subject to considerable political influence (see section 1 above).

Budget processes

Tanzania's score of 35% on the Open Budget Index indicates that the government provides the public with minimal information on the central government's budget and financial activities over the budget year. The government makes public only half of the eight key budget documents[52] and releases very little information about the conditions associated with foreign aid.[53] As a year-end report is not published, it is difficult for the public to assess performance against what was budgeted and what was spent. An audit report is, however, usually available.

The legislature does hold public hearings on the budget but these are not well attended.

Accounting mechanisms for budget spend are weak. In the budget year 2006/07, unretired imprest was 3.1 trillion shillings. This figure represents almost 50% of the country's budget for the following year meaning that the government permitted almost half of its national budget to be spent without being accounted for.[54] The situation improved in the year 2007/08 when unretired imprest was scaled-down to 976 billion shillings.

The C&AG's 2007/08 audit of local government found that, of the 133 local government authorities that were audited, 46 % suffered irregularities such as un reconciled bank accounts, weak internal controls over the management of assets, ghost workers on the payroll and missing revenue earnings receipt books.[55]

Oversight and regulation

Legal Framework

Box 2.3: Anti Corruption legislation to 1991

- Colonial legislation to tackle corruption includes: the first Penal Code of 1938, the second Penal Code of 1945 and the **Prevention of Corruption Ordinance** of 1958. The 1958 Ordinance re-enacted and expanded corruption offences that were then contained in the penal codes.
- 1971 – Prevention of Corruption Ordinance was replaced by the **Prevention of Corruption Act**
- 1975 – Establishment of the **Anti-Corruption Squad** mandated to; investigate, prosecute and prevent corruption.
- 1991 – Anti-Corruption Squad trans formed into the **Prevention of Corruption Bureau,** reporting to the President.

52 pre budget statement, executive's budget proposal, citizens' budget, enacted budget, in-year reports, mid-year review, year-end report, audit report
53 http://www.openbudgetindex.org
54 http://www.corruptiontracker.or.tz/dev/index.php?option=com_content&task=view&id=42&Itemid=29
55 www.corruptiontracker.or.tz

Table 1: Tanzania's anti-corruption legislative framework

Legislation	Main provisions
Public Leadership Code of Ethics Act 1995 (revised 2001)	Requires public leaders to declare their assets. Act is currently under review. The current provisions restricting public access to the Registry of Declared Assets of Public Leaders is under challenge by CSOs
Political Parties (Finance) Act 2001	Act is currently under review following EPA scandal (see box 3.1).
Election Expenses Act 2010	Seeks to control the use of election funds and to curb illegal practices in the nomination process, election campaigns and election processes It applies to elections for President, Member of Parliament and Councillor. Provides for accountability of the use of the funds, prohibits certain behaviour such as monetary or other inducements to voters and gives equal access to the public media for Presidential candidates. Non-compliance means disqualification and is a criminal offence.
Public Service Act 2002	Introduced new recruitment, grievance and complaint principles. The Act was amended in 2008 to streamline the process of hiring senior public servants.
Public Procurement Act 2004	Established the Public Procurement Regulatory Authority and Public Procurement Appeals Authority.
Anti-Money Laundering Act 2006	Established the Financial Intelligence Unit[56].
Prevention and Combating of Corruption Act 2007	The Act closely mirrors the framework of the United Nations Convention against Corruption. The Act sets up the Prevention and Combating of Corruption Bureau (PCCB) mandated to investigate, prosecute and prevent corruption in Tanzania.

The 1971 Prevention of Corruption Act (as amended in 2002) is the basis of the anti corruption legal framework with provision for prison sentences for offences but no financial penalties. The Public Procurement Act (2004), the Public Services Act (2002) and the Public Finance Act (2001) are also part of the body of laws governing anti corruption.

In 2007 The Prevention and Combating of Corruption Act came into force revising existing legislation and including provisions necessary to implement the United National Convention Against Corruption (2005) and the African Union Convention on Preventing and Combating Corruption (2003). The range of corruption offences have been expanded and private sector corruption brought under the Act.

Institutional Framework

Oversight institutions are the Prevention and Combating of Corruption Bureau (PCCB), the Controller and Auditor General and institutions established by NACSAP

56 Supported by USAID under the Millennium Challenge Account

which include the Good Governance Coordination Unit and the Ethics Inspectorate Department. A Minister of State with responsibility for Good Governance has been established within the President's Office.

The Prevention and Combating of Corruption Bureau (PCCB)
The PCCB was set up to replace the Prevention of Corruption Bureau (PCB) in 2007. It has a mandate under the Prevention and Combating of Corruption Act (2007) to investigate, raise awareness and guide government and the private sector on anti-corruption issues. It has the power to prosecute cases of corruption under the direction of or through the DPP.

Its financial and political independence is undermined somewhat by its position under the Presidents Office. The President appoints members and the DPP's consent is required for all prosecutions of public officials.

The PCB was under resourced and lacked teeth. Corruption cases rarely come to trial and, when they do, rarely achieve a conviction. Two sets of statistics on PCB performance confirm this;

- From 2000-2004, of the 9,507 cases investigated, 357were prosecuted and 48 convictions obtained.
- From 1995-2008 21% of reported corruption cases were investigated, 0.2% were convicted.

Public confidence in the PCCB and awareness of how to report corruption seems to be increasing. The highest number of corruption cases received by the PCCB since 1995 was recorded in 2007 when it received 8,235 cases. It received the second highest number of corruption cases in 2006 when it recorded 6,320 cases.[57]

There is still a serious knowledge gap amongst ordinary citizens, however, and a mistrust of the reporting mechanisms. Citizens' surveys carried out by REPOA in 2006 found that, although almost 60% of respondents perceived corruption to be a serious problem and 30% had witnessed a corrupt act by a public official, only 3% had reported the corruption. Only 29% of the respondents knew how to report corruption (up from 22% in 2003) and 45% said that they would fear negative repercussions if they did so. However, council officers and citizens who attended a REPOA workshop in 2007 reported the PCCB to be "very cooperative" towards those reporting incidents of corruption.[58] S51 of the Prevention and Combating of Corruption Act (2007) guarantees anonymity to anyone reporting corruption.

The PCCB does not have jurisdiction over Zanzibar where the Police investigate corruption cases.

The Controller and Auditor General (C&AG)
The CAG has oversight of public finance and procurement. It is guaranteed independence by the Constitution. The executive, however, sets its budget. It produces annual reports that, although nominally public, are difficult to obtain.

57 www.corruptiontracker.or.tz
58 Fjeldstat, Odd-Helge, Ngalewa, Erasto, Katera, Lucas. 2008. "Citizens Demand Tougher Action on Corruption in Tanzania." REPOA.

Historically, government rarely follows its recommendations and sanctions against public officials for misuse of public funds have been few. The current President has, however, supported the CAG with a direction to the executive to review and act on the C&AG's annual reports.

The Commission for Human Rights and Good Governance (CHRGG)

The CHRGG acts as an Ombudsman; receiving complaints from the public and making recommendations to the government that are non-binding and rarely observed. The CHRGG can also conduct its own investigations but is precluded from investigating the President's Office.

The Ethics Commission

The Ethics Commission administers the Public Leadership Code of Ethics (1995) under which public officials must file annual returns of assets. These returns are publicly available only in limited circumstances.

In practice the Commission lacks teeth and public officials not wishing to disclose their assets can do so with relative impunity. Its investigative capability has been criticised in part due to the unavailability of anonymity to a complainant.

Public Procurement Regulatory Authority (PPRA)

The Public Procurement Act of 2004 saw a radical overhaul of the procurement system. The PPRA's mandate is for the "application of fair, competitive, transparent and non-discriminatory and value for money procurement standards and practices." The PPRA can blacklist companies but rarely does so in practice. A register of companies authorised to participate in public tenders is kept and shared with the tender boards. The PPRA maintains a website and tender notices are published on it and in the media. The PPRA is under the Minister of Finance.

National Audit Office

Tanzania's National Audit Office is limited in its independence. The appointment (and removal) or the head of the Office is at the discretion of the executive. It is under funded and there are limits on its power to authorise audits. There are, however, proposals for a new law to remedy these deficiencies.[59]

International Transparency Initiatives

Construction Sector Transparency (CoST) Initiative

Tanzania was chosen for the launch of the CoST initiative in 2008. Tanzania is one of seven pilot countries. The Tanzanian pilot is hosted by the Ministry of Infrastructure Development and administered by the National Construction Council

Extractive Industries Transparency Initiative (EITI)

Tanzania was accepted as an EITI candidate country on 16 February 2009. Tanzania has until 15 February 2011 to undertake validation.[60] The Minister of Energy

59 http://openbudgetindex.org

60 A country that has fully and to the satisfaction of the EITI Board met the four sign-up indicators becomes a Candidate country. These indicators are explained in the EITI Rules. Once a country has obtained the Candidate status it has two years to be validated as a compliant country.

and Minerals leads the EITI process in Tanzania and the working group has sixteen members with representatives from civil society, small scale miners, the extraction industry and government.

Medicines Transparency Alliance (MeTA)
Tanzania is not one of the seven pilot countries taking this initiative forward

United Nations Convention Against Corruption (UNCAC)
Tanzania ratified UNCAC in 2005. UNCAC provided the main driving force behind the new Prevention and Combating of Corruption Act.

Conclusion
Although on the surface there seems to be a moderate level of political will to pursue corruption in Tanzania there has been an underlying strong resistance to anti corruption reform in the country. The government has, at least in the past, seen anti corruption reform as a donor preference and perhaps an elector's preference but not as a government preference. A 2007 report for U4 takes this even further;

"Governmental anti-corruption efforts in Tanzania seem to be the result of a rational calculation by the ruling party with regard to expected "returns". In other words, anti-corruption initiatives are seemingly part of a political survival strategy of the one-party state pursuing two main objectives: one is outward looking and geared to maintaining the trust of the international community to ensure continued aid and foreign investment flows, while the other is inward-looking aimed at securing political legitimacy."[61]

There is little accountability. Civil society has little opportunity to provide real accountability and provide input into policies for anti corruption reform. Managers in public service are reluctant to take responsibility or be held accountable for the actions or inactions of their departments and there is little political will to enforce that responsibility for oversight.

There has been a focus on curbing petty corruption to satisfy the electorate but little serious focus on high-level corruption. Despite the high profile resignations and sackings in 2008 and 2009 there have as yet been no convictions.[62] The plethora of institutions and initiatives involved in the fight against corruption are poorly coordinated making them less effective.

The extent to which donor funds buys an ability to, for example, "wield significant influence" is an absolutely crucial one. Influence is not automatic. Over the last decade or so the international community have become more powerful in setting the agenda for the Tanzanian government despite the replacement of project based aid by general budget support.[63] Tanzania is one of Africa's biggest recipients of development aid with almost 40 percent of the 2008/09 budget funded by outside donors. Although increased influence does not come automatically with increased

61 Hussman, Karen and Mmuya, Max. 2007. "Anti-corruption policy making in practice: Tanzania-A Country Case Study." U4
62 In May 2010, Amatus Luyimba, former Bank of Tanzania Director of Personnel and Administration, was convicted by Kisutu Resident Magistrates Court of abuse of office and sentenced to 2 years imprisonment. He has lodged an appeal against his conviction.
63 Hyden, Goran. 2005. "Why things happen the way they do. A power analysis of Tanzania" SIDA

levels of funding, there have been criticisms that Development Partners have not driven the anti corruption agenda as hard as they could have done and have been too "benevolent" towards the Tanzanian government.[64]

64 Hussman, Karen and Mmuya, Max. 2007. "Anti-corruption policy making in practice: Tanzania-A Country Case Study." U4

Annex 7: Key elements of governance reform programmes and support to civil society organizations and the media

Key governance and public financial management reform programmes

Programme	Key components
BEST	**The Goal** of BEST is employment generation and poverty reduction through enterprise growth and enhanced competitiveness particularly among SMEs in Tanzania. Components include; • Business Entry, Regulation and Exit • Land Registration Reform • Commercial Dispute Resolution • Labour Law Reform • Strengthening the Tanzania Investment Centre • Best Management and Institutional Support
LGRP	The goal of LGRP is to contribute to the Government's efforts of reducing the proportion of Tanzanians living in poverty especially women and children. Its purpose is to improve quality, access and equitable delivery of public services, particularly to the poor. The reforms aim to: • Enhance democracy at local level • Bring public services under local control • Devolve power to local councils • Determine the appropriate and cost effective organisational structures for local government authorities and administration • Improve financial and political accountability • De-link local administrative leaders from their former ministries Key components include: fiscal decentralisation; legal harmonisation and human resources autonomy; improved governance; and capacity building.
LSRP	The objective of LSRP is "Timely justice for all" to be achieved through interventions in five strategic areas: • National legal framework: • Access to justice for the poor and the disadvantaged: • Human rights and administration of justice: • Knowledge and skills of legal professionals: • Service delivery capacity in key legal sector institutions:
PSRP	PSRP builds on the previous Civil Service Reform Programme, bringing in more comprehensive reforms, which aimed at the total transformation of the Public Service into an efficient, effective, and outcome based institution. Key components are: performance management; restructuring and private sector participation; executive agencies; management information systems; leadership management and governance; and programme coordination, and M&E.

PFMRP	The goal is Establishment of effective and sustainable financial management arrangements to: i) support the equitable delivery of public services with a strong strategic perspective; ii) minimise resource leakages and iii) strengthen accountability A platform approach was used to define the objective of each phase ;with phase I dealing with aggregate fiscal discipline; Phase II allocative efficiency; and Phase III Operational Best Practice.

Key commissioning donor support to CSOs and research in Tanzania

REDET Phase VI (Denmark) 2008-2011

- REDET is now in its 18th year and currently midway through its 6th phase. It is run as a Danida programme, headed by the the Vice Chancellor of the University of Dar es Salaam (UDSM)
- Key components are: civic education and advocacy; discussion fora; and research and publications
- A 2009 programme review[1] concluded that overall it had achieved its objectives, but made some key recommendations: in particular:
  - The lack of an M&E mechanism;
  - Weak accounting procedures; and
  - Concerns about sustainability.
- There is no evidence that there has been any action taken so far to implement any of the recommended changes.

Haki Elimu (Denmark, Norway[2], Sweden and UK) 2008-2011

- Haki Elimu is a major Tanzanian NGO founded in 2001, which aims to work with the citizens of Tanzania to develop a just, equitable and democratic society through education. It conducts policy analysis, critical research and advocacy towards social justice and advancing common interests. It has four key programmes: media (e.g. media monitoring); information access (e.g. library and website); citizen engagement; and policy analysis and advocacy (e.g. budget analysis).
- Haki Elimu works in different areas in Tanzania and is recognised by DPs as well as other CSOs as the organisation with the maximum outreach.

Foundation for Civil Society (UK, Denmark)

- The Foundation started operations in 2003 and was initially the Civil Society Programme. Its aim is to support CSOs in: policy engagement; safety nets for the vulnerable; governance; and network strengthening.
- The mission of the FCS is to 'to empower citizens through the provision of grants, facilitating linkages and enabling a culture of ongoing learning to civil society'. It has a strong management team and disburses grants to organisations across Tanzania. In interviews with Foundation staff they mentioned that underserved areas were a priority but that there were not yet enough organisations in these areas with the capacity to handle even extremely small grants.[3]

1 REDET VI Review
2 Through Norwegian Church Aid
3 FCS did not have enough documentary evidence to support the claim that they were working with organisations in the underserved areas. Most of the grants were absorbed by CSOs in the capital or in very large cities.

Accountability in Tanzania Programme (UK) 2009-2014:

- This new UK funded programme aims to work with CSO's through support and shared learning to hold Government accountable for management of public resources and service delivery.
- The basis of the programme is a CSO mapping exercise covering 23 CSOs to determine the type of work they undertake, geographical spread and linkages between them.

On the basis of the mapping, AcT will provide grants to CSOS to support initially the development of partnerships, capacity development, shared learning and shifting the focus to a bottom up approach. The output areas for this phase include: citizens access to information improved; engagement in budget and policy advocacy; service delivery and monitoring; and improved understanding of what works.

Commissioning donor support to the media

Media Council of Tanzania (Basket funding: Denmark, Norway, Sweden) 2007-2011

- The MCT is the regulatory body of the media industry, with the role of setting standards; providing guidelines; and dealing with complaints.
- The primary goal of the MCT is to expand the scope of free expression by supporting the freedom, responsibility and effectiveness of media enabling it to play a powerful role in the democratization and development process of Tanzania.
- Core funding plus support to the Press Club project is provided by DPs through basket funding

Tanzania Media Fund (Denmark and UK) 2009-2011

- This new project aims to support the media to become critical players in fostering domestic accountability in Tanzania. The project promotes independence and quality in media, with a particular focus on public interest and investigative journalism. To support quality journalism the Fund offers –
  - A competitive grant-making facility for individuals and institutions involved in media production (print, television and radio), and

A tailor-made learning facility for grantees that offers learning-by-doing resources, coaching, mentorship and networking opportunities

Commissioning Donor support to CSOs in the Natural Resources Sector

Wildlife and Conservation Society of Tanzania (DFID) 2008-2011 The Improving governance of forest resources in Tanzania through increased civil society participation project was inspired by the TRAFFIC report. Other project partners are the Journalists' Environmental Association of Tanzania (JET) and the Lawyers' Environmental Action Team (LEAT). It has a community level focus and is funded from DFID HQ through the Environmental Investigation Agency.
The project aims to create a network of civil society and community groups to document illegal forestry activities and use information gathered in advocacy at local and national government level.

World Wildlife Fund Tanzania (Norway) 2008-2013 The aim is to build capacity and network CSOs to improvethe governance of natural resources through increasing demand for greater transparency at all levels of government. Funding is received through Oslo. CSOs funded and trained will, in turn, provide support to grass roots community organisations. Examples of successes of the network can already be seen. In June 2009 it held the first of what will from now on be an annual meeting with the Parliamentary Standing Committee on Environment and Natural Resources. A coalition has also been formed to highlight issues related to good governance of natural resources in the 2010 elections, particularly at local level. Illegal harvesting of natural resources have historically been used to finance electioneering.

ANNEX 8:
General budget support

1 Relevance of general budget support to anti-corruption efforts

GBS has been central to donor AC efforts

8.1 GBS became increasingly central to donors' AC efforts over the evaluation period. It has:

- increased emphasis on improved PFM;
- supported the main donor activities in relation to anti-corruption;
- provided a high-level forum for policy dialogue on corruption; and
- provided a framework for AC M&E.

GBS became increasingly significant over the evaluation period

8.2 GBS has been given to Tanzania since 2001 in the form of un-earmarked, direct support to the Government of Tanzania budget. GBS was designed to support the first Tanzanian Poverty Reduction Strategy (PRS), which ran from 2000-2004, and the second PRS (Mkukuta) from 2005-2010. The Partnership Framework Memorandum for GBS was signed in 2001, replaced in 2002 and, most recently, in 2006. The Performance Assessment Framework (PAF) was developed in 2001/02 and redesigned for 2005-2010.

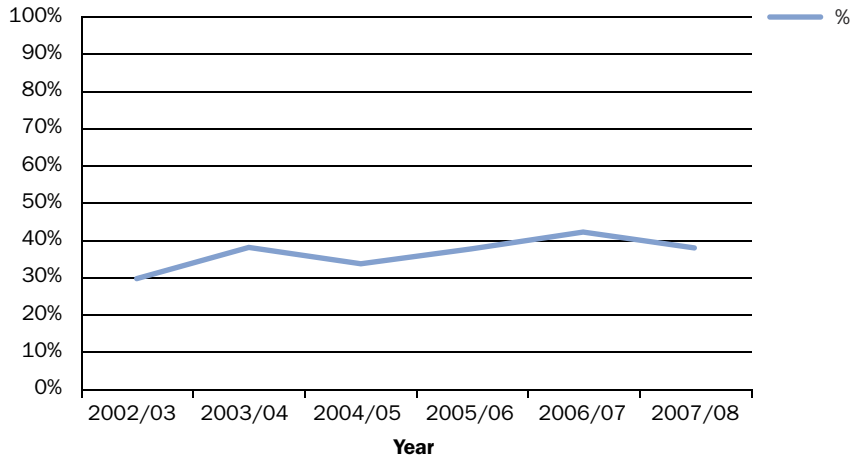
8.3 In 2001 there were 9 donors giving GBS: Denmark, the European Union, Finland, Ireland, the Netherlands, Norway, Sweden, Switzerland and the UK. By 2009 the budget support group had grown to 14: the African Development Bank, Canada, the European Union, Denmark, Finland, Ireland, Japan, Germany, Netherlands, Norway, Sweden, Switzerland, UK and the World Bank.

8.4 As figure 5.2 in chapter 5 shows, the volume of GBS increased rapidly over the evaluation period. The Joint Assistance Strategy (JAST) of 2006 requires DPs to increase levels of GBS to meet the medium-term target of GBS constituting the major share of DPs overseas development aid to Tanzania. The amount given in budget support currently comprises around 40% of the total annual budget of the Tanzanian Government, an increase from 30% in 2002/03 but lower than 2006/07[1] (see figure 7.1 below). It is probable that in 2010/11 the level of budget support will fall, as the Netherlands has decided not to give GBS in the future, while some other donors such as the World Bank are considering lowering their commitments.[2]

1 GBS Annual Review, 2008. Due to a relative increase in project support partly due to the entry of the MCC and USAID.

2 This is primarily due to disappointment with the GoT economic performance and management of the economy.

Figure 8.1: GBS as percentage of total aid as recorded in the government budget



Source: SIDA (2008) General Budget Support to Tanzania: An Assessment Memorandum

Fiduciary risk

Initial fiduciary risk assessments were positive ....

8.5 Fiduciary risk refers to the risk that funds provided through GBS will not be managed properly, including the risk that they will be misused. Donors will give GBS if they find the level of fiduciary risk to be acceptable. The fight against corruption within GBS's own procedures is highlighted in the 2006 Memorandum of Understanding for GBS and DPs own pre-requisites for disbursing GBS.

8.6 Prior to the commencement of GBS in Tanzania in 2001, DPs undertook a range of diagnostic studies to assess the extent of fiduciary risk. The MoFEA commissioned a Country Financial Accountability Assessment (CFAA) for the Tanzania Mainland in 2001 supported by DFID and the World Bank. The World Bank and IMF undertook a poverty expenditure tracking study as part of the HIPC process in conjunction with a fiscal transparency assessment (Report on the Observance of Standards and Codes).

8.7 In addition, there was significant work undertaken before GBS began to strengthen public financial management processes, which included the establishment of a medium-term expenditure framework, development of a public expenditure review process (PER) and the Public Financial Management Reform Programme (PFMRP). The diagnostic work and the on-going PFM reform programme provided DPs with sufficient confidence to disburse funds through the GoT budget.

8.8 The Public Expenditure and Financial Accountability Review (PEFAR) (which integrates the CFAA and PER diagnostics) is now donors' key tool for assessing fiduciary risk associated with GBS. In addition, each DP undertakes its own annual internal assessment before disbursing GBS (see box 7.1 below).

Box 8.1 DFID Tanzania Fiduciary Risk Assessment 2008

Since 2008 DFID has been required to undertake formal Fiduciary Risk Assessments for budget support countries, which include an assessment of the risk of corruption. DFID's Fiduciary Risk Assessment of 2008 concludes that, on the basis of various studies (including from the NGO Research on Poverty Alleviation) and main trends in the fight against corruption, the *risk of corruption* (i.e. likelihood of corruption occurring) in Tanzania is *'substantial'* in mainland Tanzania and *'substantial to high'* in Zanzibar.

The main causes or 'vectors' of corruption in mainland Tanzania were identified as: low pay and limited instances of prosecution;

- the existence of discretionary and monopolistic powers; and
- 'a multiplicity of incomplete and complex processes and reporting requirements', which also provide significant opportunity for corrupt practice

8.9 The main risk mitigation strategy for GBS donors is to maintain a regular dialogue with the government on agreed indicators in the PAF and support the government's public finance management reform programme.

Support to AC activities

GBS supports AC governance reforms through the Performance Assessment Framework

8.10 The Performance Assessment Framework (PAF) is the monitoring and evaluation framework for GBS (see box 7.2 below). Through the PAF, GBS supports progress in the main reform programs that should have an impact on corruption. In the first PAF, this was undertaken through the inclusion of PAF actions, which related to reforms in public financial management, the Public Service Reform Program, and the Local Government Reform Programme, as well as activities related to implementation of the NACSAP. These actions were then assessed at the end of every year to judge the extent to which they had been achieved. Overall progress in the PAF was then linked to disbursement of GBS funds by DPs.

Box 8.2 Performance Assessment Frameworks

The first PAF in 2001 included agreed aims and actions that targeted five key areas. These were i) reducing income poverty; ii) improved poverty monitoring and evaluation; iii) macroeconomic stability; iv) improved effectiveness of delivery of public services; v) minimising resource leakage and strengthening accountability and vi) environmental sustainability. These reflected macroeconomic and structural issues that had been the main foci of pre GBS discussions under programme aid and the IMF Enhanced Structural Adjustment Facility in the 1990s, but they also represented a shift in focus towards implementation of the PRS, service delivery and more attention to public finance accountability and corruption.[3]

The second PAF is divided into three clusters which accord with the three clusters of broad outcomes in the Mkukuta which are: (i) growth of the economy and reduction of income poverty; (ii) improvement of quality of life and social well being, and (iii) governance and accountability. Each cluster has a set of goals and targets, as well as related cluster strategies.[4] Corruption is addressed under cluster 3 Governance and Accountability.

8.11 Currently, support to the main reform programmes that affect corruption is undertaken through the inclusion of underlying assessments of the PSRP, LGRP, LSRP, NACSAP in Government–Development Partner and other stakeholder consultations on governance. This means that every year an assessment is made on whether the reviews for these programmes were satisfactory, with key areas that need to be progressed highlighted. DPs and the GoT agree on a selection of actions from these sectors to be included in the PAF. In the past these have comprised actions such as passing the Public Audit Act and implementation of an EPA action plan

8.12 There are a number of actions included within the PAF that relate to NACSAP implementation. In the 2003 PAF there were actions to revise and approve the NACSAP Strategy and Action Plan 2003-2005 and for quarterly reporting on progress on the implementation of anti-corruption plans, which were to be made available on a timely basis. This support was also continued in the second PAF where a successful NACSAP II Review was included as an action that needed to be fulfilled. Other actions incorporated included operationalising anti-corruption legislation and developing effective structures and processes for managing GoT and DP joint support for NACSAP II.

Dialogue

GBS has raised the profile of AC in dialogue with GoT

8.13 GBS has provided a high level forum for policy dialogue on corruption, allowing issues from sector level to be raised in the GBS high-level policy dialogue. This dialogue, which occurs as part of the discussion around the PAF and the GBS Annual Review, gives an opportunity for sector working groups to raise issues

3 ODI et al (2005) *Joint Evaluation of General Budget Support to Tanzania* 1995-2004
4 GBS Annual Review, 2005

related to corruption and to include actions that are relevant to their sector within the PAF. This type of forum for dialogue on corruption did not exist prior to GBS.

8.14 Dialogue on anti-corruption in GBS is currently undertaken through the working group on governance and accountability, which has increasingly become the main forum for discussions on anti-corruption issues between DPs and the GoT. In addition, each year at the annual GBS review, four or five issues are chosen to be discussed in depth. Corruption has often been one of the issues chosen. In the 2007 and 2008 GBS Annual Reviews, corruption was discussed as one of the key issues and in the 2009 Annual Review there was a closed-door session on corruption.

The focus has been on grand corruption and public financial management reforms

8.15 Dialogue and PAF actions have mainly focused on preventing and prosecuting grand corruption, and on strengthening PFM systems. There has been a focus on the prosecution of grand corruption cases, with a recent focus on the EPA scandal (see box 3.1 in chapter 3). This issue dominated the 2008 GBS Annual Review (held in November 2008), after which the GBS donors decided not to make commitments for budget support for the next fiscal year unless the GoT drew up an action plan to address the misuse of funds. Normally commitments are made within six weeks of the finalisation of the GBS Annual Review Report. In this instance commitments were not made until April 2009, once an EPA Action Plan had been devised by the GoT. A temporary process action for the continued implementation of the EPA Action Plan was then included in the 2009 PAF.

Donor Coordination

GBS has enhanced donor coordination on AC efforts amongst GBS donors....

8.16 By using PAF actions and outcome indicators drawn from sector programs and national strategies, GBS supports the overall context for anti-corruption activities. GBS acts as a mechanism for coordinating DP dialogue on anti-corruption. The 14 GBS donors have used GBS as their main mechanism for dialogue with the GoT, have developed joint stances and have used GBS Annual Reviews to identify areas related to anti-corruption that require support. For example, DFID began support to the Tackling Corruption Project (see Box 4.3 in Chapter 4) when a GBS Annual Review identified problems with the prosecution of corruption due to a lack of technical capacity in the five institutions responsible.

....but there has been limited coordination with non-GBS donors...

8.17 Although GBS has been successful as a coordination mechanism for those DPs involved, there has been less coordination between this group and non-GBS donors in terms of developing joint stances on corruption. There is also a sense of frustration on the part of non-GBS DPs that most dialogue on anti-corruption now takes place in the GBS forum, rather than through the Anti-Corruption Network.

...nor with civil society

8.18 Civil society has not been very engaged in the GBS dialogue. Since 2006, it has been invited to the GBS Annual Review, but this tends to be a formal event with

a large number of participants and is donor orientated making it difficult for CSO representatives to engage. In addition, key documents related to the review tend to be available only late in the process, which means that CSOs often do not have sufficient information to enable them to make meaningful contributions to the debate.

Monitoring and Evaluation

The PAF provides a framework for AC M&E....

8.19 As discussed above, GBS progress is measured through the PAF, with an annual review undertaken each November. At the beginning of GBS in 2001, the original intention was that the benchmarks for GBS disbursements would be drawn directly from the Poverty Reduction Strategy. However, as the definitions of actions and targets in the PRS were considered to be too general and too numerous to provide a basis for monitoring progress, the PAF was developed and agreed between the GoT and DPs, laying out a series of aims and actions to be undertaken from 2001-2004.[5]In the first year of implementation there were 28 actions to be undertaken, these gradually increased in number through the lifetime of the PAF to 58 in 2004, with prior actions being included so that the World Bank Poverty Reduction Support Credit could be incorporated into the GBS process.

8.20 As can be seen from box 7.3 below, the PAF framework for AC M&E has evolved over time, with the number of AC actions required increasing over its life. For the 2010 PAF the number of process indicators will be reduced to ten (from 25 in 2009) to make the process more manageable.

5 ODI et al, 2005

Box 8.3 PAF anti-corruption indicators

In the **PAF 2001-2004** overall implementation was measured against three dimensions: PRS objectives, PAF actions, and medium-term outcomes. Corruption was included under 'minimising resource leakage and strengthening accountability' and was related to three areas:

- improving integrity and transparency in the accounting systems;
- local government financial management; and
- reduction of corruption.

The main indicators that were included to measure corruption were:

- Anti-corruption plans for 7 MDAs approved based on the anti-corruption strategy
- Anti-corruption plans prepared and included in budget at local government level for Phase 1 LGRP Districts
- Revised Code of Conduct available
- LGA Anti-Corruption Action Plans included in the 2004 Budget.
- The formats for the anti-corruption action plans are available and funding to facilitate the production of the LGAs action plans is included in the 2004-05 budget
- Quarterly meetings between DPs and Senior members of the Government established with progress on anti-corruption as a standing agenda item
- Broad consultation on the Repeal and Enactment of the anti-corruption law will be completed and a discussion paper available
- The updated NACSAP work plan and 2002 Annual State of Corruption Report be give a high profile launch and be widely disseminated throughout the media
- A restructured Good Governance Coordination Unit in place with new roles and additional staff
- Mechanism for complaint and grievance to deal with unethical conducts is in place –
- Draft anti-corruption plans are available for all LGAs and funding provided in 2004/05 budget to facilitate implementation of the LGA action plans in FY 2005/06
- Revision of the code of Ethics and the establishment of the complaints handling mechanisms
- Establishment of Ministerial Ethics Committees
- Government leading regular dialogue on anticorruption initiatives –
- Monitoring of progress on actions taken by MDAs against corruption in MDAs and
- Government (MoJCA) to present a Bill to Parliament to repeal and enact Anti-Corruption Legislation by June, 2005

Most of these are process actions, which are related to implementation and monitoring of anti-corruption plans and developing GoT structures and processes to fight corruption. It is notable that the number of actions relating to anti-corruption increased significantly over the period of the PAF.

The **revised PAF 2006-2010** was rationalised to streamline the monitoring process, with outcome indicators, temporary process actions and underlying processes. It was divided into four clusters of which cluster 3 is Governance and Accountability. The key questions to be monitored in cluster 3 are:

Is good governance and the rule of law ensured? and

Is Government accountable to the people?

The underlying processes of the Governance and Accountability cluster relate to the LGRP review, the LSRP review, the NACSAP II review, and the PRSP review. All these programmes must be rated as satisfactory. There are outcome indicators that remain the same throughout the life-time of the PAF and are used for monitoring, together with temporary process indicators set each year relating to governance and anti-corruption. The actions and indicators used are:

- Revised anti-corruption legislation presented to Parliament by November 2006
- Develop review mechanism for NACSAP II
- Anti-Corruption Legislation operationalised by end of 1st quarter of next financial year
- Effective structure and process established for managing GOT and DP joint support for NACSAP II by August 2007
- A minimum of 5 grand corruption cases are either ready for prosecution or have been dismissed for reasons which have been made public by September 2008 (temporary process indicator)

...but the selection of effective indicators has been problematic....

8.21 The targets and measures within the PAF have been designed to be taken from existing GoT mechanisms and strategies. This means that most are tied to reform processes at sector level and indicators are those agreed within the specific sectoral reform programmes or included within the Mkukuta, which is in itself is aligned to the MDGs as much as possible. However, experience has shown that it has not been easy to find good quality data in all areas. Governance has been an area where data quality has proved inadequate or the outcome indicator chosen inappropriate.[6] Measures are underway to improve the indicators by choosing SMART process indicators for the 2010 PAF, to ensure that they are specific, measurable, achievable, reliable and timebound.

.....and assessment processes have not always been robust

8.22 In the past, monitoring and assessment of the PAF has been rather haphazard. PAF assessment has been carried out through the Anti-Corruption Network and the process has not been very rigorous. In fact, it has been remarked that one of the reasons why progress in GBS in Tanzania may have been seen to have been better in the past, is because the indicators were not assessed from an evidence based perspective. Decisions as to whether an action had been undertaken satisfactorily or not was taken on the basis of voting. Now the incorporation of SMART indicators will make this process more evidence based.

Commissioning donors put varying degrees of emphasis on AC issues in GBS release decisions

8.23 Generally, if progress is perceived to be positive in achieving PAF actions and targets then DPs will disburse GBS. However, some DPs have fixed and variable GBS tranches, with the variable tranches linked to either overall performance in the PAF or achievement of specific indicators. In this way, the design and evaluation of the four donors' GBS varies according to how tightly each donor's support is specifically focused on anti-corruption issues in terms of variable tranches being linked to anti-corruption activities and outcomes.

6 Sida, 2009 GBS Assessment Memo

8.24 From 2006-2010, Denmark has had a 20% variable tranche, which each year is tied to one specific indicator drawn from the PAF related to a key area of public financial management such as procurement, external audit and corruption.[7] These have included an indicator linked to 'tabling the revised corruption legislation to Parliament by November 2006', an audit bill being passed in 2008 and, in 2009, a corruption survey being completed by the PCCB.[8] DFID has a 10% variable tranche, and Sweden a 30% one.[9] In both cases, disbursement is based on an assessment of the overall performance in the PAF. Norway gives one tranche per annum and the decision to disburse is assessed according to a holistic view of performance in the PAF, as long as partnership principles have been met.

Evolution of donor approach over time

There has been a tightening of donor approaches to corruption through GBS

8.25 The approach of GBS DPs to corruption has changed over time, with the fight against corruption currently addressed more specifically than it was at the beginning of the GBS process. The first Partnership Framework Memorandum makes no explicit reference to anti-corruption. In contrast, a set of five underlying principles for the GBS partnership arrangement is now part of the 2006 Partnership Framework Memorandum. These Partnership Principles act as pre-requisites for GBS. A breach means that budget support will not be disbursed. The fifth of these Principles is related to corruption and commits the GoT to; 'Good governance, accountability of the Government to the citizenry, and integrity in public life, including the active fight against corruption (in accordance with commitments of the signatories in the New Partnership for African Development, and other international agreements'[10]

8.26 The addition of the Partnership Principles in the 2006 Framework was in response to a reflection on the experience of GBS following two reviews: the Joint Evaluation of Budget Support, Tanzania; 1994-2004[11] and the 2006 Annual Review of General Budget Support in Tanzania: Learning Assessment[12].

8.27 The addition of Partnership Principles were also a response to increasing donor concerns at headquarter level regarding corruption. The concern about the potential for corruption in GBS from DPs' domestic constituencies also led to changes in donors internal assessment procedures for GBS. This was reflected in changes in the bilateral agreements of the four commissioning donors, whose more recent agreements since 2006 with the GoT now specifically deal with corruption:

- DFID's Policy Paper on Poverty Reduction Budget Support states that governments must be committed to three principles in order for general budget support to be given. The third principle relates directly to corruption 'improving public financial management, promoting good governance and transparency and fighting corruption'.[13]

7 Danish Ministry of Foreign Affairs (2006) Appraisal of Proposed Danish Support to Macroeconomic Reforms and Institutional Reforms in Tanzania.
8 Danish Ministry of Foreign Affairs 2006
9 Sida is changing their approach for their 2009-2012 as there will be a 13% performance tranche depending on performance and results related to public financial management and local government authorities.
10 Ministry of Finance and Economic Affairs 2006 Partnership Framework Memorandum Governing General Budget Support (GBS) for Implementation of Mkukuta
11 ODI et al, 2005
12 Gerster, R and R.G. Mutayahwa 2006 Annual Review 2006 of General Budget Support
13 DFID 2008 Poverty Reduction Budget Support: A DFID Policy Paper, February 2008

- Denmark has ten additional assessment criteria in its 'Guidelines for Provision of Budget Support'. Once of these specifically relates to corruption. GBS can only be given if the government is committed to efforts related to 'Anti-corruption with implementation of prevention and control measures, as well as follow-up with a view to improving the country's standing in the international corruption league table'.[14]
- Sweden's bilateral agreement stipulates additional criteria for the disbursement of GBS to be disbursed. There are currently five additional criteria, up from an original three, one being the GoT's commitment to the fight against corruption.[15]

8.28 This overall tightening of DPs' prerequisites for GBS reflects changes in the country context. At the beginning of the GBS period there was more confidence among DPs in financial management in Tanzania. By the mid 2000s this began to decline as evidence of corruption and financial mismanagement emerged.

2 Effectiveness of general budget support in relation to AC efforts

GBS has been a responsive instrument for donors in relation to corruption

8.29 GBS has proved to be an instrument that is responsive to the country context and to lessons learned in tackling corruption. In 2006 a Learning Assessment was undertaken at the same time as the GBS Annual Review[16], which looked at, among other issues, how to strengthen domestic accountability. There was also a Joint Evaluation of Budget Support in Tanzania in 2004, which made recommendations as to the design and dialogue within GBS.[17] These two reviews and the lessons that emerged from their findings were used to guide the revision of the PAF in 2005, which was streamlined and focused. The 2006 Memorandum included the need for the GoT to be committed to the fight against corruption. This marked a change in donor approach in terms of highlighting corruption and the need to address it as a key underlying principle for the disbursement of GBS. As noted above, this was also, over time, included in DPs' own principles that to be met before disbursement.

8.30 GBS has also been a flexible mechanism for dealing with corruption issues as they arise. The design of the PAF and the addition of different process indicators each year have meant that indicators related to corruption have been included in response to issues that are currently of concern to DPs. Examples include the inclusion in the 2009 PAF of an action related to the continued implementation of the EPA action plan, and the temporary process action in the 2008 PAF requiring a minimum of five grand corruption cases to be ready for prosecution or have been dismissed for reasons made public by September 2008.

8.31 GBS has thus allowed DPs to be opportunistic in responding to corruption issues when they arise and has been used to signal to the GoT what actions DPs think should be taken. Issues related to corruption are also then taken up in the dialogue between GoT and DPs and disbursement decisions have been used to respond to situations when action against corruption has not been taken. For

14 Ministry of Foreign Affairs Denmark (2007) Guidelines for Provision of Budget Support', September 2007
15 Sida, 2009
16 Gerster et al, 2006
17 ODI et al, 2005

instance in 2008, DPs chose to delay their GBS commitments until an EPA action plan was developed by the GoT (see paragraph 5.7 above).

8.32 Individual donors have decided not to disburse variable tranches when performance in the area of accountability has been unsatisfactory. Denmark, for instance, delayed disbursement of their variable tranche when the Prevention and Combating of Corruption Bill was not passed in 2007 (see paragraph 4.41 above). The tranche was disbursed once it was passed in 2008. Although Denmark is a relatively small GBS donor, this signalled to the GoT and to Parliament the importance of passing the bill both through dialogue and through the media that picked up on the story.

It has provided a framework for effective donor coordination on AC efforts....

8.33 GBS has been an effective mechanism for coordinating joint DP action on corruption, signalling key issues related to corruption that need to be addressed, and acting as a forum for dialogue. This is in comparison to the Anti-Corruption Network, which has never worked well because of a lack of DP and GoT engagement and the lack of an obvious platform of dialogue with government. The use of GBS as a lever has commanded the government's attention, due to the large amounts of DP money involved and the fact that it provides almost 40% of the GoT budget. The GBS Annual Review has been the main forum to discuss corruption and proved to be an important way to engage with the GoT on the EPA corruption scandal. In particular, Heads of Mission and Ambassadors used the closed-door sessions as an entry point to discuss the issue with the GoT.

...especially in relation to grand corruption

8.34 GBS has been a particularly effective means for developing high-level dialogue on grand corruption. Although it was the media and Parliament that played the key role in disclosing the grand corruption scandals that have emerged over the past few years, GBS has provided support by raising these cases with the GoT and pushing the GoT for follow-up action. At this point, it is not possible to tell whether this leverage has been effective in reducing corruption or in increasing the prosecution of high level officials, but there is a more or less unanimous view among GBS DPs that GBS has been effective in dealing with the EPA corruption scandal and in signalling to the GoT that DPs will not tolerate inaction on grand corruption cases.

8.35 Regardless of this, GBS made it easier for DPs to arrive at a harmonised stance on the EPA corruption scandal, as there was no other mechanism through which this could be done. It was helped by the fact that all DPs had signed up to the 2006 Memorandum, which included the fight against corruption as an underlying principle and, as a consequence, it was clear that it could be argued that there was a breach of its principles in this instance. Even though DPs have a varying tolerance to corruption, it was possible through GBS to achieve joint action from the 14 donors through strong leadership from the GBS chair and the need to present a joint stance in relation to the partnership principles.

GBS has given governance reform 'the final push'....

8.36 GBS through the PAF has also been useful in supporting the implementation of anti-corruption measures and strengthening the public reform process. GBS has been most helpful where there is a willingness on the part of GoT at the highest level to implement actions but some resistance within other parts of GoT. GBS has had the potential to give reforms a final push. An example of this is the Public Audit Act, which, although experiencing opposition from some parts of the GoT, was successfully supported through the PAF.

...but ultimately reform depends on GoT political will

8.37 In the absence of high-level will within the GoT, however, GBS cannot be so effective. The rating of indicators over the two PAFs evidences this. Boxes 7.4 and 7.5 below outline the actions related to anti corruption included within the PAF and whether they were achieved. As these two boxes show, performance is very mixed. There are limits to the effectiveness of GBS and not all reform in all areas can be successfully addressed through this mechanism.

Box 8.4 PAF 2001-2004: AC achievements of PAF Actions

2002 Joint Annual Review – **targets partially achieved**

- Anti-corruption plans for 7 MDAs approved based on the anti-corruption strategy. Status: **Successfully achieved**
- Anti-corruption plans prepared and included in budget at local government level for Phase 1 LGRP Districts. Status: **Not Achieved**

2003 Joint Annual Review – **moderately unsatisfactory**

- Quarterly reports depicting progress made in the implementation of anti-corruption action plans available timely for all MDAs. Status: **Partly observed.**
- Finalisation of report assessing the human and financial resources necessary for Po-GGCU to coordinate and implement NASCAP. Status: **Not observed but with mitigating reasons**
- Revised Code of Conduct available. Status: **Substantial progress, close to being observed**
- LGA Anti-Corruption Action Plans included in the 2004 Budget. Status: **Not achieved.**
- The formats for the anti-corruption action plans are available and funding to facilitate the production of the LGAs action plans is included in the 2004-05 budget. Status: **The overall assessment of the group is that progress has been moderately unsatisfactory**.

2004 Joint Annual Review GBS – **Limited Progress Achieved**

- Quarterly meetings between DPs and senior members of the Government established with progress on anti-corruption as a standing agenda item. Status: **Partly achieved**
- Latest quarterly monitoring report available and would include more quantitative and qualitative data in areas of monitoring and controlling public procurement, public finance, legal and judicial. Status: **Partly achieved**
- Broad consultation on the Repeal and Enactment of the anti-corruption law will be completed and a discussion paper available. Status: **Achieved**
- The updated NACSAP work plan and 2002 Annual State of Corruption Report be give a high profile launch and be widely disseminated throughout the media. Status: **Partly achieved**
- A restructured Good Governance Coordination Unit in place with new roles and additional staff. Status: **Partly achieved**
- Mechanism for complaint and grievance to deal with unethical conducts is in place. Status: **Not achieved**
- Draft anti-corruption plans are available for all LGAs and funding provided in 2004/05 budget to facilitate implementation of the LGA action plans in FY 2005/06. Status: **Partly achieved**

Source: United Republic of Tanzania[18]

18 United Republic of Tanzania 2004 Tanzania Joint GBS and PRSC Annual Review, MoFEA 28 February 2004, United Republic of Tanzania 2005 GBS Annual Review 2005: Final Review Report, MoFEA15 December 2005

Box 8.5 PAF 2005-2010: AC achievements of PAF Actions

2005 Joint Annual Review: *Governance and Accountability Cluster. Good Progress*

- Revision of the code of Ethics and the establishment of the complaints handling mechanisms. Status: **Achieved**[19]
- Establishment of Ministerial Ethics Committees. Status: **Achieved**
- Government leading regular dialogue on anticorruption initiatives. Status: **Partly achieved**
- Monitoring of progress on actions taken by MDAs against corruption in MDAs and LGAs on the basis of Quarterly Reports produced by the Good Governance Coordination Unit. NACSAPII is currently being developed following the completion of the NACSAP I cycle. Status: **Partly achieved**
- Government (MoJCA) to present a Bill to Parliament to repeal and enact Anti-Corruption Legislation by June, 2005. Status: **Not achieved**
- Strengthening capacities to combat corruption in Tanzania as recommended in the Evaluation Report sponsored by the UNDP. Status: **Achieved**

2006 Joint Annual GBS Review – Governance and Accountability. **Partially Satisfactory**

- Revised anti-corruption legislation presented to Parliament by November 2006. Status: **Delayed**
- Develop review mechanism for NACSAP II. Status: **Partly achieved**

2007 Joint Annual GBS Review – Governance and Accountability. **Satisfactory (GoT) / Fair-moving (DP)**

- Anti-Corruption Legislation operationalised by end of 1st quarter of next financial year. Status: **Achieved**
- Effective structure and process established for managing GOT and DP joint support for NACSAP II by August 2007. Status: **Delayed**

2008 Joint Annual GBS Review –Governance and Accountability

- A minimum of 5 grand corruption cases are either ready for prosecution or have been dismissed for reasons which have been made public by September 2008. Status: **Achieved**

Source: United Republic of Tanzania[20]

8.38 This situation appears not to have changed over the course of GBS as the Joint Evaluation of GBS aptly remarks that (ODI et al, 2005)

> *'...The Tanzanian case demonstrates clearly that GBS and the related dialogue and policy conditions are unlikely ever to be more than a modest influence over the processes of public sector reform and institutional development. The key achievements of the last decade … .were driven by a strong political will and by a powerful internal constituency for change. Conversely, in those areas where reform has been less complete, one can generally identify the lack of a consistent political direction as a key factor of causality.'*

The quality of dialogue has decreased over recent years

8.39 In recent years, GBS dialogue between the GoT and DPs has not been as effective as it was initially, due to a breakdown of trust between the two parties

19 Although constitutionality currently being challenged in the courts see box 3.6 Chapter 3.

20 United Republic of Tanzania 2006 GBS Annual Review 2006: Final Review Report, MoFEA 08 December 2006, United Republic of Tanzania 2007 GBS Annual Review 2007: Final Review Report, MoFEA 27 December 2007, United Republic of Tanzania 2008 GBS Annual Review 2008: Final Review Report, MoFEA December 2008

largely as a result of the recent grand corruption scandals. This is evidenced by a lack of high level GoT representation at the GBS annual review and the transformation of the annual review process into a very large formal event, hindering effective dialogue. GBS has also not proved to be very effective in bringing civil society into the dialogue process. Additionally, there is an argument that the perceived effectiveness of dialogue within the GBS and the change in funding modality to large basket funds has led to fewer informal bilateral contacts which weakens the variety of avenues for dialogue on corruption.[21]

There have been gaps in donors AC efforts

8.40 The main gap in terms of dialogue is that the main focus of GBS to date has been on putting in systems and changing institutional frameworks to deal with grand corruption. There has been little attention paid in GBS to petty corruption, which is important in terms of the impact that it has on peoples' everyday lives. There may be an action related to petty corruption in the 2010 PAF.

8.41 There are no anti-corruption indicators in the PAF that specifically take gender into account or that are directly related to poverty.

21 Increased harmonization could also contribute

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