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STATE BUILDING THROUGH POVERTY REDUCTION IN TANZANIA

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Introduction

> ‘The best way of learning to be an independent state is to be an independent sovereign state.’
> Kwame Nkrumah, first citation in *Building Effective States, Forging Engaged Societies* (World Bank 2005f: iii)
>
> ‘Development cannot be imposed, it can only be facilitated; it requires ownership, participation and empowerment, not harangues and dictates. African countries… have to assume full ownership and responsibility for their development. [B]ilateral donors, multilateral agencies and externally-funded NGOs… are entitled to demand transparency and evidence of results. But they must be ready to genuinely concede enough space for African countries to innovate, develop and pilot their policy frameworks and processes’.
> Tanzanian ex-President Benjamin Mkapa, first citation in *2005 Review of the Poverty Strategy Reduction Approach: Balancing Accountabilities and Scaling Up* (World Bank & IMF 2005: 1)

The relationship between aid donor and aid recipient has undergone significant change since the mid-1990s. This is no better illustrated than in the near-universal turn by aid recipient countries to adopt Poverty Reduction Strategies (PRS). The PRS process was launched in 1999. By June 2005 49 countries had prepared PRSs, a further 11 had prepared interim PRSs, and another 10 had initiated processes towards the adoption of PRSs – in total 71 countries, about a third of the countries in the world.

A distinguishing feature of Structural Adjustment, the predecessor of the PRS, was its character as an external imposition. Strongly associated with macroeconomic stabilisation and austerity, Structural Adjustment was epitomised by conditionality – legal clauses in loan agreements insisting on detailed economic reforms, such as public expenditure cuts and privatisation, as preconditions for the release of loan finance.

By contrast, PRSs are envisaged as embodying country ownership, with the country government at the forefront of a participative relationship with its own society and a partnership with its aid donors. As the World Bank and International Monetary Fund (IMF) suggest: ‘The approach called for a fundamental change in the nature of the relationship between developing countries and donors’ – country owned with broad participation, on a medium to long term basis, comprehensive and outcome-focussed, and partnership oriented (World Bank and IMF 2005: 1-3).

This paper interrogates this dual renegotiation at the heart of the PRS approach: of the relationship between the aid-recipient state and aid donor state, and of the relationship between the aid-recipient state and its own citizens. From the donors’ perspective, there is a clearly stated approach to re-forging this relationship. The coordinating body of aid donors, the Organisation for Economic Cooperation and Development - Development Assistance Committee (OECD-DAC), argues that in developing countries which lack either the capacity or political will to deliver security, good governance or poverty reduction, ‘wherever possible, international actors should work jointly with national reformers in government and civil society to develop a shared analysis of challenges and priorities’ (OECD-DAC 2005: 3).

The aim of this partnership should be to build ‘legitimate, effective and resilient state institutions’ (OECD-DAC 2005:2), ‘building capable, open and responsive states’ (World Bank and International Monetary Fund 2005: 6) and ‘building effective states and forging engaged societies' (World Bank 2005f: iii). In other words, the key element of the renegotiation of this relationship should be a 'focus on state-building as the central objective' (OECD-DAC 2005:2).

The empirical focus of this paper is the sub-Saharan African country of Tanzania. In 1995 Tanzania's relationship with its aid donors was in a profound state of crisis. Over the last decade that relationship has been fundamentally restructured. Tanzania has completed an entire cycle of a World Bank / IMF Poverty Reduction and Growth Facility (PRGF). It has received on average over US$1 billion in aid per year for the last 10 years, and has been a major beneficiary of debt relief under the Highly Indebted Poor Countries (HIPC) initiative. Tanzania therefore has been at the cutting edge of new international initiatives for a considerable period, and is now promoted by the World Bank as a model for other developing countries.[1]

One particularly interesting conceptualisation of the new relationship between aid donors and aid recipients is Graham Harrison's 'post-conditionality state'. He suggests that 'rather than conceptualising donor power as a strong external force on the state, it would be more useful to conceive of donors as part of the state itself' (Harrison 2004a: 87-88). Harrison clarifies that he is not suggesting conditionality is no longer imposed, but that 'external-national distinctions become less useful' (Harrison 2001:657), and that 'the donor-state relationship is too intimate and interrelated to be understood as a dichotomy. Donors do not just impose conditionality; they also work in a routinized fashion at the centre of policy-making' (Harrison 2001: 671). The process is better understood as one of the intimate involvement of external actors with key internal actors in poor country states.

A second approach is Thomas Callaghy's identification of a new dynamic to change which has led to the 'recapture [of] some sovereign space for a few African governments' (Callaghy 2001: 116). This is a result, he argues, of the actions of key actors in some western states, some poor country governments and non-governmental organisations (NGOs)[2] in 'principled issue networks', together with some economists and scholars working on development issues. These actors, he suggests, have 'deployed themselves as an increasingly effective global social movement. In the process, they have changed the rules and discourse of the debt regime, increased resource flows, brought about new forms of international and local governance… and created or strengthened local NGOs. In short, they have reshaped the forms and process of intervention' (Callaghy 2001: 146).

Whilst Harrison implicitly suggests that sovereignty has been superceded by new relationships of power, Callaghy suggests new relationships of power that have acted to strengthen sovereign space. There is nevertheless clear agreement that there has been a significant reorientation in the architecture framing the relationship between aid donor and aid recipient countries over the last decade. We will return to evaluate these approaches later in the paper.

This paper reviews the PRS approach to assess its role in the renegotiation of the relationships between aid donors and aid recipient states, and between aid recipient states and their citizens. We draw on recent general literature from aid donors, such as the World Bank and IMF's 2005 review of the PRS approach and the World Bank's 2005 review of conditionality. We also drill down into our case study drawing

[1] See for example World Bank and IMF (2005: iii)
[2] This paper uses the term non-governmental organisations loosely, and with full recognition that although not formally part of government these organisations may be funded by donor governments and contracted to work on behalf of donor or aid recipient governments.

on substantial contributions to understanding the Tanzanian experience over the last decade, including reports prepared for the Government of Tanzania and Tanzania's development partners[3], and a significant body of primary literature.

We start with an interrogation of contemporary conditionality. What is its character and how is its continuation reconciled with the focus on country ownership?

Country ownership and conditionality

The *2005 Review of World Bank Conditionality* assessed all 18,000 conditions and 10,000 benchmarks attached to 695 policy-based loans in the period 1980 to 2004. It confirms that there has indeed been a reduction in the quantity of conditions attached to the average loan. For the poorest borrowers,[4] the average number of conditions attached to a World Bank loan declined from an average of 34 in FY1995 to 19 in FY2000, and to 12 FY2005 (World Bank 2005d: 42).

It also confirms that for poorest borrowers the number of benchmarks attached to a World Bank loan increased from an average 5-10 in the late 1990s to 38 in FY2005 (World Bank 2005d: 40), and that the dramatic increase occurs from FY2002 onwards, broadly coinciding with the introduction of PRSs in FY2000. The distinction between a condition and a benchmark is that while a condition is a legal prerequisite for the release of loan finance, a benchmark is an indicator of the success in applying political commitment to meet a target and effectively exercising the capacity to meet that target.

While the average number of conditions in PRSs has sharply declined compared to Structural Adjustment, nevertheless a significant residual number of conditions are retained. Could it perhaps be that this is the 'pro-poor conditionality' that international NGOs demanded should be linked to development finance released by debt relief? As Ann Pettifor, Chairman of the Jubilee 2000 Coalition insisted, "We are very clear that a very important condition must be that debt relief must benefit the very poorest sections of society" (Select Committee on International Development 1999: response to question no 99). The UK Department for International Development (DFID) was itself at the forefront of linking debt relief to poverty reduction, and understands international NGO contributions on this issue as 'the starting point of a concept that developed into the [PRS]' (Christiansen et al 2003: 17).

That residual conditionality is explained by 'pro-poor' conditions is not borne out by the *2005 Review of World Bank Conditionality*. A comparison of conditions applied to loans to the poorest countries between (FY1998 & FY1999) and (FY2004 & FY2005) shows that conditions applied to social sector issues remained virtually static, increasing from 20.6% to 21% of all conditions. In the same period conditions applied to trade, economic management, financial and private sector development issues also declined from 57% to 24.7% of all conditions.

In fact within the residual conditionality there has been a dramatic increase in conditionality associated with public sector governance. Here, we find an increase in conditions relating in particular to public expenditure management (PEM), public financial management (PFM), procurement, the rule of law, accountability and anti-corruption. Conditions linked to public sector governance increased from 20.8% to

[3] The terms 'development partners' and 'donors' are used interchangeably throughout this paper.
[4] Defined as Core International Development Association countries

49.6% of all conditions (World Bank 2005d: 45). The centrality of governance reform to the poverty reduction approach is also suggested within the Highly Indebted Poor Countries debt relief initiative which 'has stressed the need for countries to meet conditions and benchmarks in 16 PFM areas, and support to accomplish this objective has been both the subject of conditionality and of direct assistance' (World Bank 2005e: 5).

Thus, associated with the introduction of PRS the level of conditionality has dramatically declined. There does however remain an important residual conditionality component to Bank lending. Within that residual conditionality, the weight given to public sector governance has more than doubled to around 50% of conditionality, and this is now the overwhelming focus of conditionality. As one of the key background papers to the *2005 Review of World Bank Conditionality* noted: 'the main finding is that the Bank's programs now place greater emphasis on institution building and governance issues in all areas of intervention' (World Bank 2005e: I).

How do donors reconcile their commitment to country ownership with the continuance of conditionality? By arguing that conditionality should be deployed to promote country ownership, in particular by stimulating the accountability of the poor country state to both its citizens and to its development partners, and by actively building the capacity of a poor country state to fulfil the objectives set out in its PRS.

The World Bank emphasises that 'conditionality is not coercion to undertake reform, and does not prescribe policy content' (World Bank 2005c: vi), and indeed the first of the World Bank's 'good practice principles' of conditionality is that it should 'reinforce country ownership.' It emphasises that 'in case the government's own policy agenda is insufficiently owned or weak, the Bank would choose not to provide development policy loans rather than substitute conditionality for ownership'. Rather the World Bank will use conditionality (and benchmarks) to promote the 'enhancement of country leadership capacity' (World Bank 2005c: 28). The 'basic tenets' of this approach are: 'a) define the role of the state on the basis of its capacities and b) increase capacity over time by strengthening public institutions' (World Bank 2005e: 3). Conditionality can however be a 'driver of mutual accountability rather than an instrument of external accountability of governments to their donors' (World Bank & IMF 2005: 46).

The UK Government sets out a 'significantly new approach' in its policy paper, *Partnerships for Poverty Reduction: Rethinking Conditionality*. Again, the first principle is 'developing country ownership'. It is emphasised that 'developing countries must be able to determine their own policies', that 'we will not make our aid conditional on specific policy decisions by partner governments, or attempt to impose policy choices on them. And 'in countries where the government is weak or uninterested in development, the UK will seek to provide aid in ways which build the government's commitment and strengthen its capacity' (2005: 1-2).

In the donors new conceptualisation of conditionality there is therefore no absolute contradiction between country ownership and donor conditionality. When country ownership or policy or capacity is seen to be weak – donor conditionality is seen as a tool to remedy the deficiency. Donors may therefore favour a reduction in conditionality, but the continuance of conditionality – and indeed other forms of direct influence - is from this perspective compatible with the promotion of country ownership. This explains the reduction and refocusing of conditionality on capacity building and governance issues.

The Helleiner Report: the prescription of country ownership

Tanzania tumbled into political and economic crisis in November 1994 after aid donors suspended financing. The extent of the vacuum at the heart of the Tanzanian state was vividly described in report which came to be known as the Helleiner Report, a donor-sponsored assessment of the breakdown in the relationship between Tanzania and its donors:

> In the donor's view, as expressed variously to us, and caricaturing only slightly, the government of Tanzania has lost its momentum and its sense of direction, has little sense of direction, has little sense of ownership of its major programmes, and is unable to exercise fiscal control because of declining administrative capacity and increasing corruption… As one major donor put it to us, "They seem tired. That fight of earlier years is gone, absolutely gone"… There is a general consensus among donors, senior government officials and well-informed members of the public that the government machinery is at present very weak. Formulation and implementation of government economic policy, and overall economic management, are undoubtedly in disarray (Helleiner et al 1995: 4 & 21).

The crisis was a sobering experience for donors. The Tanzanian government had been fully engaged with donor initiatives since 1986. Tanzania's structural adjustment plan had involved a major programme of macroeconomic stabilisation, major reforms in trade and exchange arrangements, large scale privatisation, price liberalisation and retrenchment. Tanzania had also fully embarked on the introduction of multi-party democracy. Tanzania had been consistently described by the World Bank as 'on track', a 'successful adjuster', and as late as February 1995 as 'performing better than any other African country' (Helleiner et al 1995: 6).

Lack of Tanzanian ownership of the internationally-encouraged reforms was identified by the Helleiner Report as the primary underlying cause of the crisis. Ownership, the Report suggested should involve 'local goals and priorities' being established 'on a genuinely consultative national consensus', where there is 'minimal resort by donors to policy conditionality' and where the final decision rests with government (Helleiner et al 1995: 9).

Donor initiatives were identified as corrosive given the depth of the challenge posed by the 'dismantling of the state' and 'the creation of a whole new culture and a wholly new role for government'. The Helleiner Report was scathing in its criticism of donor practices. It highlighted that 'many initiatives originate with donors with only limited policy guidance from the [Tanzanian government]'; that economic policy documents were drafted in Washington, with the government relegated to the role of negotiating amendments; that there was 'intrusive donor conditionality at the level of detailed implementation'; that 'each donor has its own aid policies and "agenda", and is anxious to pursue its own objectives even when these are not share [sic] by the government'; and that bilateral donors had their own individual agendas and were reluctant to conform to government priorities (Helleiner et al 1995: 10-13). The overall impact was to weaken and undermine the state's capacity to coordinate and drive forward development initiatives.

Ultimately, the Helleiner Report argued, 'the central coordinating role in all development endeavours ought to be that of the [Tanzanian government]' (Helleiner at al 1995: 18). The achievement of national coherence was itself undermined by the Tanzanian government's failure to 'have a coherent development programme of its own, about which it is enthusiastic or even passionate.' 'A vision that inspires its own population and provides hope for the future' was prescribed (Helleiner et al 1995: 21), along with efforts to 'foster strong political commitment' (Helleiner et al 1995: 9).

The Helleiner Report also emphasised the role of the state in accommodating the interests of both domestic and international stakeholders, emphasising the need for a mutually agreed development programme, based on 'extensive and early-stage consultation with donor agencies in order to arrive at outcomes which satisfy the objectives of all parties' (Helleiner et al 1995: 9).

The Helleiner Report has proved to be an extremely influential analysis. In highlighting the role of donor prescriptiveness, in undermining the coherence of the Tanzanian state, and in proposing efforts to build national ownership around a development plan based on the interests in internal and external actors, it stimulated a range of groundbreaking initiatives.

Before examining these initiatives we take stock of the context in which these state building and poverty reduction initiatives were pioneered. First, as the Helleiner report suggested, by 1995 the World Bank / IMF policy prescription of structural adjustment that had served for over a decade was widely regarded as discredited. Second, also by the mid-1990s financial crises in several developing countries had dealt a significant blow to the market optimism of the 1980s and early 1990s. Third, and as a consequence, new development thinking focused on alternatives that broadened the agenda for development initiatives at the same time relativising the importance of economic growth. Finally, political elites in many leading western nations found themselves struggling to win support for their traditional political programmes and as a consequence turned to issues such as ethical foreign policy and debt relief as alternative sources of legitimacy.

These factors significantly influenced the turn of international institutions such as the World Bank and aid donors such as DFID to firstly emphasise a benign mission free from prescription and national or strategic interests, and secondly to specifically adopt poverty reduction as the overarching framework of their development initiatives.[5]

We now turn to the question of state building and poverty reduction in Tanzania in the period from 1995 onwards. We address in turn elite cultivation, the participation of civil society, and the role of Tanzania's development partners.

State building through poverty reduction in Tanzania

The dream team approach and its limits

Tanzania, the World Bank notes, 'made a political commitment to increased state effectiveness' relying 'on very senior policymakers and administrators to provide both direction and impetus to reforms'. This approach to achieving 'rapid results' is described by the Bank as 'the dream team approach' (World Bank 2005f: 33). To this day, the PRS remains 'driven by the Ministry of Finance and the Vice-Presidents' Office (DFID & World Bank 2005: 55).

The key to this approach in reorganising the Tanzanian state has been the cultivation by development partners of a core Tanzanian cadre of key policy advisors and civil servants with a strong commitment to international initiatives. In Tanzania, these individuals have made their mark in the Offices of the President and Vice-President,

[5] For an extended discussion see Pender (2001 & 2005)

the Ministry of Finance, the influential private consultancies REPOA[6] and Economics and Social Research Foundation (ESRF)[7] and the World Bank office in Dar es Salaam (Holtom 2002).

There has certainly been an element of direct and explicit external cultivation of these actors. For example in 1982 former World Bank President Robert McNamara helped to assemble a 'Technical Advisory Group' engaging Tanzanian economists in 'pro-reform' workshops, several of whom can be found in influential positions in today's transformation (Holtom 2002: 10).

A further important factor is simply the shared background and beliefs of these actors:

> Apart from their close personal contacts, these players have many characteristics in common: educational background (often in American or British universities), lifestyle and vocational habitus – socialization into a professional culture that shares analytical predilections, a vocabulary of policy discourse, an understanding of what constitutes authoritative knowledge, and a sense of the 'rules of the game' guiding policy processes (Gould and Ojanen 2003: 14).

The 'pro-reform' outlook was quite consciously regarded as being in opposition to the prevailing outlook of the Tanzanian elite. Key characteristics of this outlook were 'scepticism toward local political elites' (Gould & Ojanen 2003: 67), and 'dissociation from political processes, including those of representative democracy' (Gould & Ojanen 2003: 15). The personal commitment and drive of these individuals to this project cannot be doubted. As Holtom notes, the Tanzanian 'pro-reform' economists working at REPOA and ESRF were described as more 'ferocious' than World Bank economists (Holtom 15).

Thus these 'pro-reform' Tanzanians were centrally involved in the development of the first PRS Paper (PRSP), but its origins were external. As the executive director of REPOA describes: "[T]he PRSP, it is clear that it was externally driven, and of course in the end quite carefully crafted to really become in the end a local initiative… it is a local initiative. It has local content" (Holtom 2002: 14)

Notwithstanding their own commitment to this project the 'pro-reform' Tanzanians have received substantial backing in the form of 'capacity building', and the Ministry of Finance is a case in point. In late 1995 at an ESRF capacity building seminar the Ministry of Finance was described as 'possibly the agency most lacking capacity in the whole of government'. Since then a 'dramatic capacity development process has taken place', contributing to a 'major process of internal renewal' involving Presidential appointments, and training and technical assistance from Sweden, DFID, the World Bank, Switzerland, the UNDP and Japan in the Accountant General's department, the Budget Department, the External Finance department and the Revenue Department of the Ministry of Finance. More recently since 2004 the Ministry of Finance has benefited from a donor-funded integrated structure (which was itself a condition attached to the disbursement of World Bank loan finance) to cover the capacity building needs of all departments (Daimo Associates et al 2005: 37-38 & 57-58).

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[6] Holtom (2002: 12) notes that REPOA is heavily funded by the Netherlands.
[7] Holtom (2002: 9) notes that ESRF is largely funded by the Africa Capacity Building Foundation and that its own executive director describes it as a "baby" of the World Bank.

The World Bank, whilst conceding that it would be 'business unusual for the World Bank', now proposes that capacity development should become a core activity of the Bank, and that 'as the organising framework for Bank assistance, Country Assistance Strategies should do more to diagnose constraints to capacity development' (World Bank 2005f: 8-9). Capacity development covers a wide and evolving spectrum of technical assistance to adopt internationally recognised techniques and standards. This includes a heavy emphasis on the promotion of transparent reporting, to which we will return.

The World Bank's own criticism of the limitations of the dream team approach is that it is 'less successful in pushing changes out to the local levels or in sustaining political support' (World Bank 2005f: 33). The concentration of the 'pro-reform' elite in core ministries cannot be overemphasised. The Government of Tanzania itself accepts that 'there is still a lack of awareness and ownership of the PRS across all levels and sectors of government' (Source?). As Peretz and Wangwe highlighted in 2004, 'many ministries continue to view the PRS process as primarily the mandate of the [Vice Presidents Office], so that even those who are actively implementing the components of the PRS are often unaware that they are doing so – and in some cases unaware of the existence of the PRS' (Peretz and Wangwe 2004: 8-9).

It is also widely acknowledged that despite having embraced multiparty democracy in 1995 under donor pressure, Tanzania's Parliament was bypassed in this process. As Peretz and Wangwe describe, 'Members of Parliament have up to now generally remained out of the loop except for a few workshops that were organised to inform them about the PRSP and progress reports… the virtual absence until recently of parliamentary interest in the process is particularly striking' (Peretz and Wangwe 2004: 9).

Finally, it should be noted that the narrow core base of the 'pro-reform' elite makes it exceptionally dependent upon external backing. By the end of the PRGF programme in 2003, the Government of Tanzania was benefiting from substantial financial inflows in support of its poverty reduction programme, it had achieved prolonged macroeconomic stability and no longer required IMF financial support. Despite this, the Government chose to renew the PRGF for a further three years. As the EIU noted: 'the government is probably not confident enough to forgo detailed IMF monitoring', and 'donors may also be reluctant for the monitoring to stop, given that the country is also benefiting substantially from HIPC debt relief' (EIU Country Report, Tanzania, August 2003: 22). The choice to commit to IMF supervision for a further three years when there was no need to borrow from the IMF at all, graphically illustrates the dependence of the pro-reform elite on external guidance and support.

Civil society: engaging society through participation

Participation is regarded by donors as an essential component of state building. 'Societal engagement', suggests the World Bank, 'is… both an ends and a means' (World Bank 2005f: iii), and an 'engaged society' is an explicit objective of donor efforts. Participation is seen as both 'improv[ing] the design and implementation of poverty reduction strategies' and 'as play[ing] an important role in monitoring implementation and strengthening accountability' (World Bank and IMF 2005: 26).

From the donor and government perspective, the role of civil society in the participatory process is cast as 'strategic communication'. In their joint publication, *With the Support of Multitudes: Using Strategic Communication to Fight Poverty Through PRSPs,* the World Bank and DFID highlight the key benefits of this process; informing and soliciting the views of citizens can help to shape policy; the establishment of a two-way flow of information deepens 'a public culture of citizen-government dialogue' and aims to build consensus; managing expectations; and helping 'citizens to hold governments to account.. by [measuring] progress against promises' (DFID & World Bank 2005: 9).

Tanzania is held up by the World Bank and DFID as being at the cutting edge of these participatory processes. They report that 'more donor funding has become available for civil society to undertake policy engagement activities and serve as a watchdog on government', and that NGOs 'are seen as intermediaries for communication strategies, taking information from the government to their own constituencies and the general public; they are seen as an effective means of disseminating information downstream, as well as a means to gather feedback from a large rural population (DFID and World Bank 2005: 56).

The main highlighted success story of the participation process in Tanzania is the 'phenomenal' success of a booklet called 'Tanzania without Poverty – a plain language guide to Tanzania's poverty reduction strategy paper'. 212,000 of these booklets were printed, funded by DFID and the United Nations Development Programme, with publication and distribution subcontracted to a Tanzanian NGO Hakikazi. The publication had a patriotic cover graphic, and became an important awareness tool for rural-based NGOs and local and regional government offices in raising their own awareness of the poverty reduction process.

Whilst their aim was to raise public awareness of the poverty reduction process, a 2003 survey conducted to measure public awareness of government policy during the PRS period found that the PRS ranked 9 out 15. Thus the perceived success of the document was perhaps more in its capacity to communicate donor policies directly through civil society about the PRS. Despite its patriotic cover, it was not a government publication.

Indeed the active engagement of NGOs has been a central feature of the PRS process in Tanzania. NGOs have been involved in many of the key coordinating committees of the PRS process – including the Poverty monitoring Steering Committee, the Research and Analysis Technical Workgroup, the Dissemination, Sensitisation and Advocacy Technical Working Group, and the Participatory Poverty Assessment Implementing Consortium. As Gould and Ojanen describe:

> The [international non-governmental organisation] sit together… with their patron organisations and other international donors, including the World Bank, and representatives of the Tanzanian government [Ministry of Finance, Presidents' Office, Vice Presidents' Office], on a plethora of multi-agency task forces, technical committees and working groups to which the formulation of public policy issues has been devolved (Gould & Ojanen 2003: 87).

The Consortium, for example, is composed of representatives of ESRF, the President's Office, the Ministry of Finance, the Ministry of Statistics, five national non-governmental organisations and five international non-governmental organisations. As Gould and Ojanen describe:

> Key players in and around the PPA see it as a project with a quite explicit political agenda (in the broad sense of the term). Many see the Consortium as an opportunity to promote a coalition of reformists who reject the 'old-style' mode of political participation… Through the assembly of the Consortium and its steering committee, the training of the research teams, and the experience of intensive collaboration in the field, the PPA participants see themselves as

> involved in mobilising, sensitising and building up an avant garde of progressive actors linked ‘downward’ to grassroots communities, and ‘upward’… A major outcome of the PPA was to be an enhanced sense of self-awareness among non-state advocacy groups as a political force and with a clear strategy for political impact (Gould & Ojanen 2003: 67).

The increased NGO focus on advocacy also reflects the greater political role of NGOs in the PRS process. Much external support has been provided for the promotion of ‘advocacy’ - active campaigning and lobbying on behalf of global policy agendas. Gould and Ojanen note that until around 1998 most international non-governmental organisations focused on provision of ‘basic services to impoverished citizens’. Now there is a new and significant emphasis on advocacy, with ‘the establishment of dedicated policy advocacy positions within these agencies at different levels of the organisation’ (Gould & Ojanen 2003: 73). Specific funding has been made available by bilateral donors to fund advocacy in support of the poverty reduction programme. From 1998 USAID and DFID among others began to systematically subcontract with international non-governmental organisations including CARE, ActionAid, Save the Children, Oxfam and Concern International to ‘build civil society capacity’.

Indeed the cultivation of NGO involvement in the implementing architecture of the PRS process has parallels with the process of ‘dream team’ cultivation within core government and civil service circles.

Illustrating the cultivated resulting outlook of this process, Godfrey Tweve, Policy and Advocacy Officer for Concern Worldwide in Tanzania, argues that:

> “There is now a partnership between the Government and the donor community… [Civil Society Organisations – CSOs] are maturing now to insert themselves in the partnership. CSOs are being asked what they can contribute to the policy process, if they just want to criticise, they cannot ‘merge in the circle’. Otherwise, if they having nothing to contribute they have to get out…” (Cited in Gould & Ojanen 2003: 69-70).

There are however clear parameters to the participatory process. The World Bank and IMF stress ‘the importance of communicating the goals of the participation process upfront in order to avoid the credibility and legitimacy of the process being undermined by expectations which may prove impossible to fulfil’. It emphasises that ‘participation does not imply final consensus or that views garnered through participatory processes will necessarily be reflected in final programs. Instead, participation should enable policy choices to be better informed’ (World Bank and IMF 2005: 27).

Development partners and the creation of inside out accountability

There is strong donor representation in the committees associated with the coordination and management of the PRS. Representatives of international institutions and donor governments play a routine, intimate part in the regulation and management of the PRS.

> The new partnerships are based on consensus and intimacy among state and donor actors. The management of public finances is based on very close day to day working relations between donor and government technocrats, and a diverse assortment of institutional arrangements (task forces, working groups, ad hoc committees, workshops) through which state and donor actors share

> responsibility for policy choices and the analysis of their implications (Gould & Ojanen 2003: 31).

Donors sit on a multitude of committees covering a vast range of government policy formulation and implementation.[8]

However the most significant innovation in the Tanzanian case is the ‘Performance Assessment Framework (PAF)’ – the development of a framework of accountability which aims to go beyond the limitations of the prescriptive nature of conditionality. The PAF broke new ground in donor-recipient initiatives. It was ‘a first of its kind’, providing a ‘powerful example’ (Daimo Associates et al: 42). The PAF is based on two new donor approaches. First, ‘harmonisation’ – that rather than set different, often competing priorities which would test the capacity of the Tanzanian state, donors would come together to act as one in negotiations with the Tanzanian government. Second, the PAF is based on an outcomes-oriented or results-oriented approach, which involves conditions and benchmarks being set based on key targets within the governments development strategy, which itself has been established as the product of negotiation between the government and its donors. Thus, the government becomes externally accountable for targets sets domestically.

This process was initially formalised in October 2001 when the Government of Tanzania signed a Memorandum of Understanding with nine donors establishing Poverty Reduction Budget Support (PRBS). The aim was channel a significant proportion of donor funding through a single general budgetary channel rather than through multiple projects. In November 2002 the scope was extended with the signing of the *Partnership Framework Memorandum governing Budget Support for Poverty Reduction*, involving a total of 14 donors.[9] With the signing of the second Framework Agreement, the entire PRS was formally brought into the harmonised, results-focused arrangement. For FY2005 it is anticipated that $400m will be channelled through this framework – around 40% of all aid flows (Daimo Associates et al 2005: 42 & Peretz & Wangwe 2004: 6).

Linked to each Framework was a PAF which set out agreed ‘aims’ and ‘actions’. The aims of the initial Framework were essentially: improved monitoring of the PRS process; macro-economic stability; improved delivery of public services; control of

[8] Government of Tanzania / donor forums as at December 2003 included: Cross-Sectoral Coordination, PRS Technical Committee, Poverty Monitoring Steering Committee, PMS Basket Funding Committee, PRS Research / Analysis, PRS Routine Data Systems / PRS Census / Surveys / PRS Dissemination / Advocacy, Joint TAS Group, Joint TAS Secretariat, PER Working Group, PER Macro Group, PRBS Group, Public Sector Management Group, Local Government Reform Program Consultative Forum, LGRP Common Basket Steering Committee, Legal Sectror Reform Technical Coordination Committee, QSP Management Committee, Election Basket Committee, Basic education Development Committee, Health SWAP Committee, Technical Committee for Health, Health Basket Funding Committee, Partnership Forum on HIV/AIDS, HIV/AIDS Global Fund-Country Coordinating Committee, Food and Agriculture FASWOG, Road Sector Technical Consultative Committee, Women in Development / Gender and Development Interagency Meeting, Gender Macropolicies Working Group, MCDGC/DAC Gender Task Force, PER Environment Working Group, Informal Discussion Group on Environment, Forest Advisory Group, NFP Steering Group, Private Sector Development, Employment & Income Generation Coordination Group, Participatory development Group, ICT Coordination Office (Peretz & Wangwe 2004: Annex 5).

[9] Canada, Denmark, Finland, Germany, Ireland, Japan, the Netherlands, Norway, Sweden, Switzerland, the United Kingdom, the European Union, the African Development bank and the World Bank.

resources and improved accountability. The second Framework expanded the scope of the aims to include reduction of income poverty and environmental sustainability (Daimo Associates et al 2005: 41-42).

The PAF has therefore integrated with the PRS process and evolved into ‘an external accountability framework and a national structure for managing strategic reform processes’ (Daimo Associates et al 2005: 157). ‘The PRS is increasingly being considered by the Government and civil society, as well as external development partners, as the national framework that guides policy and actions’ (Peretz and Wangwe 2004: 10).

Within the PRBS/PRSC PAF there are 3 separate dimensions of conditionality based on overall satisfactory progress, assessment of ‘prior actions’ required for release of PRSC funds, and a separate performance assessment against 2 criteria for EC funds. The number of actions being monitored has increased from 28 in FY 2002 to 58 in FY 2004 (Daimo Associates et al 2005: 42-43). Tanzanian officials have been reported as suggesting that ‘the processes of dialogue and conditionality are completely interwoven. This has two effects: firstly it crowds out space for a dispassionate, objective and non-committal sharing of views. Secondly, it undermines national ownership because it creates the impression that conditionality has no boundaries, that any policy, institutional or administrative issue might be raised as a potential reason for not disbursing PRBS funds’ (Daimo Associates et al 2005: 45).

The PRS has become the vehicle through which the process of state building has coalesced. Prior to the PRS in the period 1995 to 1998, efforts to cultivate a ‘pro-reform’ elite saw core players being brought together in the Vice President’s Office and Ministry of Finance. This ‘dream team’ was then centrally involved in the crafting of the PRS, and has subsequently exercised its influence through the architecture surrounding the implementation of the PRS, rather than for instance through Parliament. Further, external support in the form of ‘capacity building’ to fulfil the PRS has been heavily channelled through the PRS process.

Civil society in the form of both international and local NGOs has become fully integrated into the PRS process as intermediaries in participation. The relative decline of the role of NGOs in basic service provision, and corresponding rise in advocacy work can be directly attributed to their engagement first in campaigning for debt relief and subsequent integration into the PRS process.

Donors have been highly successful in forging a more ‘effective’ state, one which is highly responsive to international initiatives and which willingly regards itself as externally accountable through the PAF. However whether the state building process has been as effective in strengthening country ownership is more questionable, and this returns us to consideration of the question of country ownership.

Conclusion: the enigma of country ownership promotion

We have seen how residual conditionality is focused on ‘capacity building’ to foster country ownership, and the extensive external efforts (for example in the Ministry of Finance) to strengthen the executive capacity of the ‘pro-reform’ elite. There is also an often expressed concern on the part of donors to emphasise the open ended aspect of development policy dialogue – for example the World Bank and IMF call for an ‘open space for policy dialogue’, which includes macroeconomic policy (World Bank & IMF 2005: 68). ‘More effective ways must be found to design, consider and incorporate economic alternatives into PRSs’, they argue (World Bank & IMF 2005:

31). We have also seen how they have encouraged the Government of Tanzania to become involved in setting its own targets in the PAF.

Helleiner called for a national development programme, about which the elite is enthusiastic, and which provides hope for the future. From a similar perspective, the 2004 Report to the Government of Tanzania and Development Partners on the PRBS recommended that the PRS be adopted as national strategy, and that the Government of Tanzania should make 'more high level policy statements giving it this status'. It suggested that as part of this process of promoting the PRS as national strategy, that 'Bretton Woods Institution nomenclature' should be dropped. The PRS has now ended and the Government of Tanzania has adopted the advise, replacing it with the Mpango wa Kukuza Uchumi na Kuondoa Umasikini, or National Strategy for Growth and the Reduction of Poverty. This is the name of the development plan which is a national development policy but through the targets set out in its PAF the Government of Tanzania is accountable to its donors.

The PRBS report also recommends that the PRS should not 'be subjected to a process that gives the appearance of requiring external approvals by the IMF and World Bank' (Peretz and Wangwe 2004: ii). However, as we have seen the Government of Tanzania requested IMF involvement to continue despite not requiring further loan facilities. Further, in the most recent loan agreement between the World Bank-IDA and the Government of Tanzania, the World Bank-IDA reports 'the authorities have indicated that they would like some form of Fund involvement with formal Board approval to continue after the current PRGF expires' (World Bank 2005a: 11).

The donors are also quite clear that there are limits to the leeway allowed in proposing development policy alternatives. Any such alternatives need to be 'consistent with the objectives of macroeconomic stability and poverty reduction' (WB&IMF 2005: 68).

There is also a clear acknowledgement among close observers that the Government of Tanzania is highly accommodating to donor priorities. Peretz and Wangwe propose that this responsiveness should be disguised by re-presenting donor priorities as nationally-determined development strategy. They hope for 'rapid progress… to a situation where those issues and actions that particular partners or groups of partners wish to highlight in more detail than in the PRS are handled by setting them out as government commitments in government documents, rather than as separate negotiated 'conditions' for IMF, World Bank and other external support' (Peretz & Wangwe 2004: iv).

From this writer's perspective the promotion of country ownership and state building is starting to look rather hollow. The PRS has been given a local name, the Government of Tanzania has signalled its desire to remain under the supervision of the IMF, the donors are encouraged not to hesitate to impose their own priorities onto Tanzania whilst the Government is encouraged to re-present external initiatives as nationally-owned ones. So why has country ownership become such an enduring theme of donor initiatives?

One explanation could be that the donors have interests which they are unwilling to declare. It is often suggested for example that donor initiatives are motivated by the promotion of economic self interest. It is however striking that economic growth has not been at the forefront of the poverty reduction process. As Driscoll et al note of PRSs: 'weaknesses in content remain in key areas such as growth' (Driscoll et al 2004: 3).

There has in fact been a significant donor preference for social sector spending. As Driscoll notes,

> Donors have also been key drivers of this social sector bias in PRSs. HIPCII featured strong emphasis on allocating 'savings' from debt relief to social sectors… Donor preferences… can be seen in the relative dominance of social sector targets in the MDGs, with some donors actively persuading governments to adopt these as PRS targets and indicators (Driscoll et al 2004: 8).

A good example is the abolition of user fees for primary education in Tanzania. This was not seen as a priority by poor people in Tanzania, and was opposed by much of cabinet. However it was adopted after direct donor negotiation with the Tanzanian President (Holtom 2003: 18).

Perhaps the most telling indictment of the donors' country ownership agenda are their own private views. In response to a questionnaire evaluating the PRBS, several donors stated that their objective was 'to increase the opportunity for influence over government through participation in policy dialogue'. Additionally, interviewers reported that 'most Development Partners do not yet believe that the forces of democratic accountability are sufficiently strong to hold government to account for its performance. They also have concerns over government's capability to implement a poverty reduction strategy effectively'. The report goes on to say that 'neither of these observations is controversial and, indeed the Government of Tanzania for the most part seems to accept these views' (Daimo Associates et al 2005: 51). Another analyst argues that, 'Most budget-support donors remain convinced that conditionality – or at least close and regular monitoring of whether agreed policy commitments have been adhered to – still has a vital role to play in ensuring the proper use of funds' (Booth 2005: 7).

Returning to Harrison's idea of post-conditionality, we can see two processes at work. On one hand we find a formal commitment to increasing country ownership and the reduction of policy prescription. Scratch the surface and we find a rather disingenuous approach both to poor country states and their citizens. Accompanying this we find a trend towards the replacement of conditionality with new forms of monitoring and new mechanisms of enforcement. It is useful as Harrison suggests to see the donor-state relationship as 'intimate' and to 'conceive of donors as part of the state itself'. However we can still identify an important dichotomy in the underlying donor distrust of even compliant state actors.

On Callaghy's approach to understanding 'principled issue networks' as contributing to the strengthening of sovereignty, we can certainly conclude that this is not supported by the case study of Tanzania. On the contrary, through their active participation in the PRS framework which has bypassed Parliament civil society has contributed towards the creation of a state framework which has made Tanzania far more responsive to external initiatives.

The final word must be spared for the unresolved enigma of the promotion of country ownership. One cannot help but be struck by the by the coincidence between the promotion of country ownership and the fact that the donors own development policy prescriptions came to nothing. Perhaps it is the discrediting and exhaustion of the donors development policy that has led to the promotion of country ownership as an act of evasion of responsibility and accountability.

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