



UNITED REPUBLIC OF TANZANIA

**JOINT ASSISTANCE STRATEGY
FOR TANZANIA (JAST)**

November 2006

List of Abbreviations

AfDB	African Development Bank
ALAT	Association of Local Authorities of Tanzania
BOT	Bank of Tanzania
CSO	Civil Society Organisation
D by D	Decentralisation by Devolution
DCF	Development Co-operation Forum
DP	Development Partner
DPG	Development Partners Group
EU	European Union
FY	Financial Year
GBS	General Budget Support
HIPC	Heavily Indebted Poor Countries
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome
IFMS	Integrated Financial Management System
IMF	International Monetary Fund
IMG	Independent Monitoring Group
JAST	Joint Assistance Strategy for Tanzania
LGA	Local Government Authority
LGRP	Local Government Reform Programme
LSRP	Legal Sector Reform Programme
MDAs	Ministries, Departments and Agencies
MDGs	Millennium Development Goals
MKUKUTA	Mkakati wa Kukuza Uchumi na Kupunguza Umasikini Tanzania
MKUZA	Mkakati wa Kukuza Uchumi na Kupunguza Umasikini Zanzibar
MPAMITA	Mkakati wa Pamoja wa Misaada Tanzania
MTEF	Medium-Term Expenditure Framework
NACSAP	National Anti-Corruption Strategy and Action Plan
NGO	Non-Governmental Organisation
NPES	National Poverty Eradication Strategy
NSGRP	National Strategy for Growth and Reduction of Poverty
ODA	Official Development Assistance
O&OD	Opportunities and Obstacles for Development
PAF	Performance Assessment Framework
PEFAR	Public Expenditure and Financial Accountability Review
PER	Public Expenditure Review
PFMRF	Public Financial Management Reform Programme
PHDR	Poverty and Human Development Report
PIF	Performance Improvement Fund
PIU	Project Implementation Unit
PMS	Performance Management System
PRS	Poverty Reduction Strategy
PSI	Policy Support Instrument
PSRP	Public Service Reform Programme
RAS	Regional Administrative Secretary
RGoZ	Revolutionary Government of Zanzibar
SWAp	Sector-Wide Approach

TA	Technical Assistance
TAS	Tanzania Assistance Strategy
TNBC	Tanzania National Business Council
TOR	Terms of Reference
UK	United Kingdom
UN	United Nations
URT	United Republic of Tanzania
USAID	United States Agency for International Development
VFM	Value for Money
ZPRP	Zanzibar Poverty Reduction Plan
ZSGRP	Zanzibar Strategy for Growth and Reduction of Poverty

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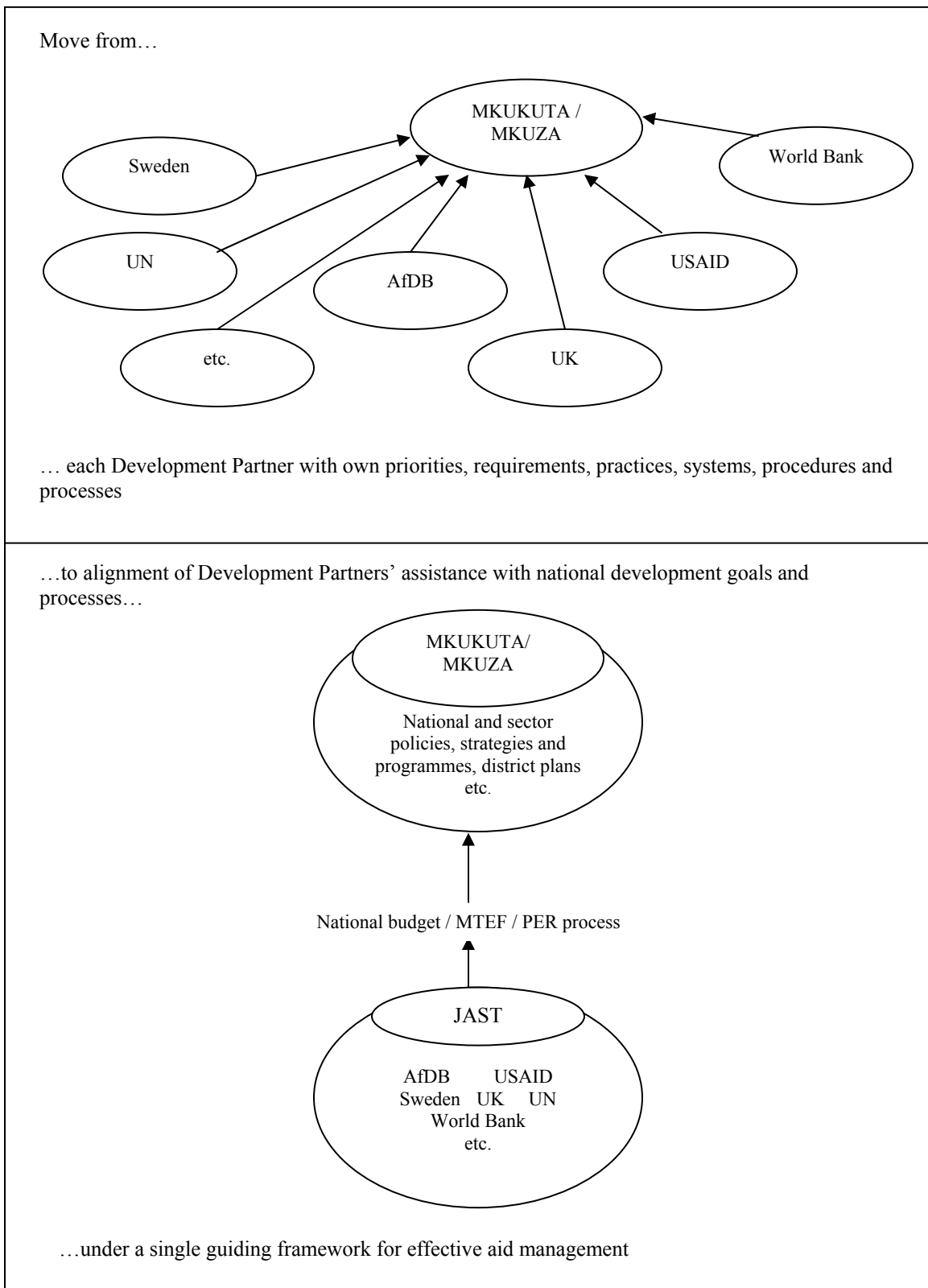
1. What is the JAST?

The Joint Assistance Strategy for Tanzania (JAST), in Kiswahili ‘Mkakati wa Pamoja wa Misaada Tanzania’ (MPAMITA), is a national medium-term framework for managing development co-operation between the Government of the United Republic of Tanzania (Government) and Development Partners so as to achieve national development and poverty reduction goals. It however also outlines the role of non-state actors to the extent that they contribute to the successful implementation of the Strategy.

The JAST has been formulated in the spirit of national and international commitments and initiatives on aid effectiveness – most notably the Tanzania Assistance Strategy (2002), the Monterrey Consensus on Financing for Development (2002), the Rome Declaration on Aid Harmonisation (2003), the Marrakech Memorandum on Managing for Results (2004) and the Paris Declaration on Aid Effectiveness (2005). It spans a renewable cycle of five years and outlines the main objectives, principles and broad arrangements of Tanzania’s development partnership. It is complemented by an Action Plan that specifies concrete activities and timeframes for implementing JAST and a monitoring framework with indicators to measure Government and Development Partner performance.

The JAST will be implemented at all levels of the Government within the existing national, sector and local processes for all aid relations with Development Partners. Development Partners will adopt the Strategy as a basis for guiding the management of their development co-operation with the Government. Bilateral agreements and country assistance strategies will be brought in line with the JAST and will specify concrete arrangements in implementing the JAST for individual Partners. All partners recognise that implementing JAST is a gradual process of moving towards higher levels of development co-operation.

Figure 1: Alignment of Development Partners' assistance with national development goals under the JAST



2. Background to the development of JAST

Tanzania has been carrying out aid management reforms as part of the broader economic reforms undertaken since the mid 1990s. They have been part of its efforts to make aid more effective for achieving development and poverty reduction and supportive of country systems, structures and processes. In January 1997, the Government and its Development Partners jointly adopted the recommendations of the Report of the Group of Independent Advisors, led by Professor Gerard K. Helleiner, who were commissioned in 1994 to evaluate and come up with proposals on how to improve development co-operation in Tanzania. The Group among others had recommended that the Government formulates clear medium- to long-term national development priorities and undertakes necessary reforms in public service and financial management. Development Partners had been urged to take actions to better coordinate and harmonise their development assistance including practices and procedures as well as to increase the predictability of aid flows.

The adoption of the Report's recommendations in the 'Agreed Notes' - an agreement between the Government and its Development Partners on 18 actions to be taken to improve their relationship - set in motion a process of redefining the relationship between the Government and its Development Partners and the management of aid on the basis of principles of national ownership, government leadership, harmonisation and alignment. This process of enhancing partnership relations and aid effectiveness was supported by further independent assessments of Tanzania's development partnership, undertaken by Professor Helleiner in 1997, 1999 and 2000 and followed by an institutionalised Independent Monitoring Group (IMG) since 2002.

One major outcome of the process was the establishment of the Tanzania Assistance Strategy (TAS), which was launched in 2002. From 2002/03 until 2004/05, the TAS served as the medium-term framework for development co-operation, aiming at strengthening aid coordination, harmonisation and alignment as well as national ownership and Government leadership of the development process. A TAS Action Plan, developed during FY 2002/03, set out practical steps for implementing TAS. Actions were grouped in four priority areas, namely (1) increasing the predictability of aid flows, (2) integrating external resources into the Government budget and Exchequer system, (3) harmonising and rationalising processes, and (4) improving national capacities for aid coordination and external resource management.

The implementation of the TAS has contributed to considerable progress in the above mentioned areas. The Government has strengthened public financial management and accountability. Predictability of external resources has improved and external funds have increasingly been integrated into the Government budget and Exchequer system, thereby strengthening Government ownership over resource allocation as well as budget contestability of external resources. Development Partners have increasingly aligned their activities with national systems and processes. National ownership and Government leadership of the development process have been enhanced, along with an improved

relationship in development co-operation. Capacity needs have been addressed through various Government core reform programmes.

One of the major activities under the TAS harmonisation efforts was a joint Government-Development Partner study in FY 2002/03 on the rationalisation/harmonisation of existing Government and Development Partner processes. Overlapping and duplicative processes have since been re-organised to be more in line with the national budget and poverty reduction strategy processes. Development Partner missions have been reduced, especially during the period of 'quiet time', which is reserved for national budget finalisation by the Government.

The idea to formulate a joint assistance strategy was born in this process of rationalisation and harmonisation, as the Government and its Development Partners aimed to further reduce the still high transaction costs that are incurred through the pursuit of different strategies with multiple and often overlapping processes. Despite progress made under the TAS, parallel systems and procedures for delivering, managing, monitoring and evaluating development assistance as well as multiple missions, meetings and analytical studies have remained burdensome for the Government. The still widespread provision of off-budget financing, most notably for projects, has impeded strategic resource allocation in the national budget process as well as transparency and domestic accountability in the utilisation and performance of external resources. In addition, the Government and Development Partners intended to establish a joint assistance strategy in order to extend progress in enhancing national ownership and Government leadership of the development process to all levels of society and the Government respectively and to increasingly shift Government accountability from Development Partners to domestic stakeholders.

In comparison to the TAS, the JAST has aimed to be more comprehensive, going beyond the 13 best practices and four priority areas of the TAS and covering all aspects of the development partnership between the Government and Development Partners as well as the role of non-state actors therein. It has meant to bring together all Development Partners under a single strategic framework that guides their development assistance in line with the cluster-based and outcome-oriented National Strategy for Growth and Reduction of Poverty (NSGRP or MKUKUTA in Kiswahili) and the Zanzibar Strategy for Growth and Reduction of Poverty (ZSGRP or MKUZA in Kiswahili). It has also aimed to fully take into account the international aid effectiveness commitments made in Monterrey, Rome, Marrakech and Paris and to adopt them to the Tanzanian context.

The Government-led process of formulating the JAST (see annex 2) started with the preparation of a JAST Concept Paper, which guided the development of this JAST Document. The process involved extensive and broad-based consultations of the Government with Development Partners and non-state actors.

3. Objectives of the JAST

The overall objective of the JAST is to contribute to sustainable development and poverty reduction in line with the National Vision 2025 and the Zanzibar Vision 2020 by consolidating and coordinating Government efforts and Development Partners' support under a single Government-led framework to achieve results on the National Strategy for Growth and Reduction of Poverty (NSGRP/MKUKUTA) and the Zanzibar Strategy for Growth and Reduction of Poverty (ZSGRP/MKUZA) as well as other national development and poverty reduction programmes.

The intermediate objective of the JAST is to build an effective development partnership in line with national and international commitments to aid effectiveness by

- (1) Strengthening national ownership and Government leadership of the development process,
- (2) Aligning Development Partner support to Government priorities, systems, structures and procedures,
- (3) Harmonising Government and Development Partner processes,
- (4) Managing resources for achieving development results,
- (5) Ensuring mutual accountability of the Government and Development Partners, and
- (6) Strengthening accountability of the Government to the citizens of Tanzania.

4. Roles of actors in implementing the JAST

4.1. The Government

The Government at the respective levels of MDAs, Regions and LGAs assumes leadership over managing the development process including the implementation of the MKUKUTA/ MKUZA and the JAST and over formulating, implementing, monitoring and evaluating policies, strategies, plans and programmes in line with the MKUKUTA/ MKUZA. It takes responsibility for effective and equitable service delivery and for ensuring that public expenditures adequately reflect economic growth and poverty reduction targets outlined in the MKUKUTA/ MKUZA. It is also responsible for further enhancing its own capacity to effectively manage the development partnership as well as for facilitating capacity development among non-state actors and for strengthening their ownership in the development process. It leads, guides and coordinates dialogue with Development Partners and non-state actors at the respective levels, and accounts for its decisions and actions including the use of public funds, the provision of public services, the attainment of development results and outcomes of implementing JAST to domestic stakeholders.

4.2. Parliamentarians, Councillors and politicians

Parliamentarians are responsible for overseeing Government activities and scrutinising the national budget with attention to its strategic direction. They hold the Government to

account for public spending and its performance in achieving development results and answer back to the electorate on these issues, thus facilitating domestic accountability. They also communicate national strategies including the MKUKUTA/ MKUZA and JAST to their constituencies in order to facilitate understanding and translation into action at local level.

At local government level, Councillors play a similar role in overseeing council activities and ensuring that councils are accountable for their spending and performance in service delivery and in implementing local plans, programmes and projects within the framework of national strategies and policies.

Politicians in general play a role in shaping and reflecting public opinion on development and aid effectiveness and in influencing development policy formulation and implementation.

4.3. Development Partners

Development Partners support the achievement of results on the MKUKUTA/ MKUZA and the further development of existing capacities in the country by providing financial and technical assistance to the Government and non-state actors as well as advice in dialogue with the Government and other domestic stakeholders. They do so on the basis of an agreed division of labour. Development Partners are mutually accountable with the Government to domestic stakeholders and to each other for their actions in fulfilling their shared commitments in development co-operation. They furthermore facilitate domestic accountability by being transparent in the provision of their development assistance, by making increasing use of Government systems in terms of financing, procurement, accounting, auditing, monitoring and evaluation, as well as by engaging in open dialogue with the Government and other domestic stakeholders.

4.4. Communities

Local communities participate in formulating local government plans and in identifying, planning, implementing, monitoring and evaluating local development activities that are supported by the Government and Development Partners. They contribute own resources to development activities and hence play an important role in creating sustainable development outcomes. They also engage in local level stakeholder dialogue, especially with local government, monitor and evaluate the quantity and quality of service delivery, and hold the Government as well as civil society organisations (CSOs) to account for provided services.

4.5. Civil society organisations

Local and international CSOs mobilise and enhance community participation and resource contribution in development activities and act as partners of the Government and Development Partners in delivering community services. CSOs also participate in local government planning and in reviewing development strategies including the

MKUKUTA/ MKUZA, programmes and projects, the national budget process, and JAST implementation, and disseminate relevant information with attention to its credibility and user-friendliness to the public. They thus facilitate mutual accountability of the Government and Development Partners as well as domestic accountability of the Government. In turn, they are themselves accountable for their actions and public resource utilisation to their constituents and to the Government. In addition, they engage in dialogue with the Government and Development Partners and consolidate and present community views to the Government and Development Partners. They also serve as domestic and international advocates for development and aid effectiveness, stimulate public debate and raise understanding on these issues.

4.6. Academic and research institutions

Academic and research institutions play an important role in generating and sharing knowledge and offering advice to the Government, Development Partners and other stakeholders on managing the development process and JAST implementation. They furthermore act as independent monitors and evaluators of development co-operation and provide their findings to the general public, thus facilitating domestic and mutual accountability of the Government and Development Partners.

4.7. Private sector

The private sector is involved in formulating, planning, implementing, monitoring and evaluating national policies and strategies and co-operates with the Government in poverty reduction efforts through public-private partnerships. As the engine of economic growth, it facilitates the expansion of the domestic resource base and thus helps to reduce aid dependence. Furthermore, representatives of the private sector engage in dialogue with the Government through their participation in various consultative fora, such as the Tanzania National Business Council and the Zanzibar Business Council.

4.8. Media

The media informs the public of Government and Development Partner activities and of development related issues and reports on citizens' views. In its reporting, it pays attention to public benefit and quality of information. It thus facilitates transparency and domestic accountability as well as capacity development through awareness creation among society.

5. Government commitment to development and poverty reduction

5.1. National development and poverty reduction goals

The Government is highly committed to sustainable development and poverty reduction. In a broadly participatory process involving domestic and international stakeholders, it has formulated a range of long- and medium-term goals and strategies that articulate Tanzania's vision and agenda for national development and poverty reduction and for whose implementation the Government is accountable to its citizens.

The country's overall development framework and long-term social and economic development goals are laid out in the **National Vision 2025** and **Zanzibar Vision 2020**. The **National Poverty Eradication Strategy (NPES)** provides the long-term framework for guiding poverty eradication efforts in order to reduce absolute poverty by 50 percent by 2010 and eradicate absolute poverty by 2025.

Tanzania's medium-term development and poverty reduction goals are articulated in the **National Strategy for Growth and Reduction of Poverty – the MKUKUTA**, which is the second-generation Poverty Reduction Strategy (PRS) of the Government of Tanzania, and the **Zanzibar Strategy for Growth and Reduction of Poverty – the MKUZA**, which is the second phase Zanzibar Poverty Reduction Plan of the Revolutionary Government of Zanzibar (RGoZ).

The MKUKUTA has moved away from the priority sector approach of the first PRS and focuses on outcomes in three broad clusters:

1. Growth and reduction of income poverty
2. Improvement of quality of life and social well being
3. Governance and accountability

The outcome-based MKUKUTA, spanning a five-year cycle (2005/06 – 2009/10), allows for more effective linkages with the Millennium Development Goals (MDGs), results-based management and a balanced focus on the contribution of all sectors and cross-cutting issues such as HIV/AIDS, gender, environment etc. to growth and poverty reduction. Progress in implementing the MKUKUTA is reviewed in a broad-based participatory process through the MKUKUTA Monitoring System.

The MKUZA translates the Zanzibar Vision 2020 into implementable programmes focusing on enhancing economic growth and reducing poverty through empowering and creating opportunities for the people, increasing production and household income, improving living conditions, and protecting the poor, disabled, elderly and other vulnerable groups. In line with the MKUKUTA, the MKUZA also adopts an outcome-based approach in three clusters and emphasizes cross-sector collaboration and inter-sector linkages and synergies. The three clusters of the MKUZA are:

1. Growth and reduction of income poverty

2. Social services and well being
3. Good governance and national unity

The MKUZA will be implemented for four years (2006/07 – 2009/10) in order to coincide with the implementation cycle of the MKUKUTA. The monitoring framework for the MKUZA is as comprehensive as that of the MKUKUTA and aims to produce outputs in the same timeframe in order to enable better coordination in implementing the two strategies.

The Government is committed to implementing the MKUKUTA/ MKUZA and will continue to strengthen the mobilisation of domestic resources for this purpose. It will continue to strengthen the linkage between the MKUKUTA/ MKUZA and the national budget, among others by enhancing sector- and cluster-based strategic planning and budgeting, in order to ensure that the MKUKUTA/ MKUZA are translated into fundable and implementable activities and that public resources are effectively and strategically allocated and managed for the implementation of the Strategies.

The Government will align all national and sector policies, strategies and programmes as well as plans of MDAs, Regions and LGAs with the MKUKUTA/ MKUZA and harmonise them around the national budget process. The MKUKUTA/ MKUZA in turn will feed into sector and local processes through the outputs of the monitoring systems of the MKUKUTA/ MKUZA, which will inform the planning processes of MDAs, Regions and LGAs. The Government will provide transparent, timely and clear information on the outcomes of the MKUKUTA/ MKUZA, the national budget and other processes to all relevant stakeholders.

5.2. Development Partner alignment with national strategies and processes

Development Partners will fully align their support with the MKUKUTA/ MKUZA and other national as well as sector strategies, policies and programmes and local government plans. They will demonstrate in their individual funding agreements with the Government that the activities they support are part of these strategies, policies, programmes and plans. Development Partners will harmonise their processes around the MKUKUTA/ MKUZA and the national budget and will follow the Government calendar of processes (see annex 1). This includes the period of ‘quiet time’ during which Government-Development Partner interactions are to be minimised to allow the Government sufficient time for budget preparation and approval.

Table 1: Timetable for the Government ‘Quiet Time’

Period	Activity	Status
September - December	Consultative Processes	Busy
January - March	Concluding Policy Discussions, Missions etc.	Busy
April - May	Finalise Budget Formulation	Quiet
June - August	Budget Debate and Approval by Parliament /	Quiet

	RGoZ House of Representatives	
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5.3. National capacity development

5.3.1. Government commitments

In order to achieve Tanzania's development and poverty reduction goals and strengthen national ownership and Government leadership of the development process, the capacity of individuals, organisations and institutions to efficiently and effectively manage the development partnership and perform their functions in the development process needs to be strengthened at all levels of Government and across society.

For this purpose, the Government will further develop its capacity at the levels of MDAs, Regions and LGAs to formulate, implement, monitor and evaluate policies, strategies, plans, programmes and projects. It will enhance its capacity to produce and implement strategic budgets and to appropriately and timely account for their activities, expenditures and results. It will improve its capacity to deliver high-quality, timely and effective public services, in particular at LGA level under central government support in line with the Government's Decentralisation by Devolution (D by D) policy. It will furthermore enhance its ability to meaningfully engage in dialogue within Government as well as with other domestic stakeholders and Development Partners.

It will do so among others through continuing to implement the on-going public sector reforms and programmes as well as progressing on mainstreaming them, where applicable, into the normal structures and systems of MDAs, Regions and LGAs. The reforms include the Public Service Reform Programme (PSRP), the Public Financial Management Reform Programme (PFMRP), the Legal Sector Reform Programme (LSRP), the Local Government Reform Programme (LGRP), the National Anti-Corruption Strategy and Action Plan (NACSAP), and for the RGoZ Economic and Financial Reforms, Institutional and Human Resource Reforms, and the Good Governance Reform. In the context of the PSRP, the Government will enhance the incentive structure to recruit and retain qualified personnel by continuing to undertake civil service pay reform and by further strengthening and extending the Performance Management System, which has been introduced under the PSRP.

The Government will also support measures to strengthen the capacity of Parliamentarians, Councillors and politicians to effectively play their role in the development process and the implementation of the JAST, including their ability to raise public awareness of aid effectiveness issues and to ensure domestic accountability of the Government. It will do so among others through awareness creation, training, and the provision of timely, transparent and clear information on all relevant issues.

Furthermore, the Government will work with non-state actors to address their capacity needs in order to enable them to actively and efficiently play their roles in the development partnership. It will do so by providing an enabling policy and institutional

environment, appropriate public services, training and advisory support, by sharing relevant information with them, and by actively engaging them in dialogue. To facilitate local ownership of the development process and enable the Government to better understand and respond to local needs, in line with its policy of D by D, it will continue to improve capacity in community based planning through extending the use of the O&OD methodology to all councils. The Government also recognises the important role that civil society organisations play in enhancing capacity among local communities and will support CSOs in their efforts.

Overall, the Government regards capacity development as one of the central objectives of its development partnership. It acknowledges the long-term nature of the undertaking and commits to effective leadership throughout the process as well as to continuously reassessing capacity needs and ways of addressing them.

5.3.2. Development Partner support

Development Partners will support the Government efforts to develop sustainable capacity in the public sector and across society. They will do so by responding to national capacity needs with financial and technical assistance to the Government and to non-state actors. They recognise that capacity development is a long-term effort and will design the timing and scope of their support so that it is consistent with the country's capacity to implement change. In addition to supporting specific capacity development programmes, Development Partners will in all their activities pay attention to attaining sustainable capacity development outcomes, among others by effectively coordinating and complementing their support with each other.

Development Partners will also contribute to capacity strengthening by increasingly relying on Government systems and structures to deliver and manage their assistance to the Government. In particular, they will work closely with the Government to eliminate parallel Project Implementation Units (PIUs) and integrate project management in the structures and systems of the implementing Government agency. Wherever in effect, the Government's O&OD approach rather than Development Partners' own methodologies will be used for project and programme planning.

5.3.3. The role of technical assistance

Development Partners will provide technical assistance as a means to facilitate sustainable capacity development. Technical assistance (TA) to the Government will be demand-driven and respond to Government needs. It will be increasingly untied from the source of financial assistance and procured in a fair, non-discriminatory, competitive, transparent and accountable manner under the leadership of the Government, ensuring value for money (VFM) and the ability to meet identified capacity development requirements. This will be achieved among others through arrangements of pooling Development Partner finances for TA. For this purpose, possibilities to use the Performance Improvement Fund (PIF) for pooling funds for TA will be explored. Procurement of TA will use national rather than foreign expertise or supplies whenever

these are able to meet VFM and capacity development requirements. The Government and Development Partners will undertake measures to strengthen national TA in these respects.

TA personnel will primarily be used for capacity development rather than for project or programme execution. Experts may however also be recruited as a temporary gap filling measure, particularly in highly specialized areas, whereas they will pay attention to skills sharing in the process. The recruitment, deployment, management, supervision and performance assessment of technical assistants will increasingly be led by the Government and integrated in the regular Government administrative system while Government structures and mechanisms to coordinate and manage TA resources will be strengthened in the process. The Government and Development Partners will also work towards providing a conducive incentive structure for TA personnel to effectively share their expertise and for counterparts to adapt and retain skills and knowledge from them. The Government will furthermore work closely with Development Partners and other stakeholders to formulate a national TA policy that outlines TA objectives, priorities and concrete guidelines for selecting, managing, monitoring and evaluating TA.

6. Division of labour

6.1. Division of labour within Government

Within its broadly identified roles in the implementation of the JAST (see section 4), the Government will work towards a more effective division of labour, co-operation and coordination among and between MDAs, Regions and LGAs in order to avoid overlaps or gaps in carrying out necessary tasks. It will do so by taking into account the principle of subsidiarity embodied in the Government's policy of Decentralisation by Devolution, whereby responsibility for the management and delivery of services is, wherever possible, devolved to the lowest units of governance. It will clearly define each Government agency's roles and responsibilities, in particular in the MKUKUTA/MKUZA and other existing frameworks and processes such as PER and GBS. It will assign lead Government agencies in sectors and cross-cutting/thematic areas and will enhance their effectiveness as well as the effectiveness of existing lead Government agencies at cluster level to take a supervisory and coordinating role. It will furthermore work to strengthen other involved agencies in a sector, cross-cutting/thematic area or cluster to undertake joint planning, budgeting and implementation. Government activities will take into account sector contributions to cluster strategies and outcomes as well as thematic/cross-cutting areas such as HIV/AIDS, gender, environment, and public financial management. The Government will furthermore strengthen the mechanism for collaboration between sectors/thematic areas of a particular cluster and between different clusters as well as for coordinating the planning and implementation of cross-sectoral issues.

6.2. Division of labour among Development Partners

6.2.1. Two levels of division of labour

In order to achieve a more even engagement of Development Partners in sectors and thematic areas and reduce transaction costs for both the Government and Development Partners, Development Partners will rationalise the number of sectors or cross-cutting/thematic areas that they engage in. At the same time, the number of Development Partners that are ‘active’ in a sector or thematic area will be limited to an appropriate level, depending on the needs and capacity of the sector/thematic area. Development Partners outside a particular sector/thematic area will be represented by those Partners that are ‘active’ in the area of concern and will assume the role of ‘delegating partners’. They can nevertheless provide assistance to any sector/thematic area within a framework of delegated co-operation, as division of labour does not concern the amount or distribution of Development Partner support.

At a second level of division of labour, ‘lead partners’ will be appointed in each sector, thematic area and, where necessary, sub-sector to lead and coordinate other Partners that are active in that area in all matters. Depending on the case, the role of ‘lead partner’ may be rotated among different Partners that engage in a particular sector/thematic area. In addition, responsibility can be delegated to different Partners for administering or carrying out specific activities (e.g. analytic work, monitoring and evaluation) or guiding specific aspects of dialogue within the area of concern.

‘Active’ Development Partners in a sector/thematic area will represent others in sector/thematic dialogue with the Government, whereby ‘lead partners’ will act as focal point in communication with the Government. They will timely share all relevant information among each other and with ‘delegating’ Development Partners and assure that the views of ‘delegating partners’ are equally heard and reflected in the position presented to the Government. Development Partners aim to reach a consensus among themselves and present consolidated views to the Government, but also report existing divergent opinions where consensus cannot be attained.

Within and across sectors and thematic areas, Development Partners harmonise their activities, funding decisions, requirements, analytic work, meetings, missions, reviews and other processes and align them to Government strategies, systems and processes. As part of division of labour arrangements, terms of reference including a code of conduct for delegated co-operation and harmonisation arrangements will specify the roles and responsibilities of ‘lead’, ‘active’ and ‘delegating’ partners.

6.2.2. Selection criteria and process

The selection of the areas of focus for individual Development Partners and their roles as lead or delegating partners will be based on their comparative and, where applicable, competitive advantage. This is determined by a Development Partner’s established international and field office expertise, based on past successful experience, in a

particular sector, thematic area or sub-sector. It also includes in-depth knowledge of local conditions at mission level. It does not depend on a Development Partner's funding capacity.

Other selection criteria to be taken into account for Development Partners' engagement in sectors or thematic areas are:

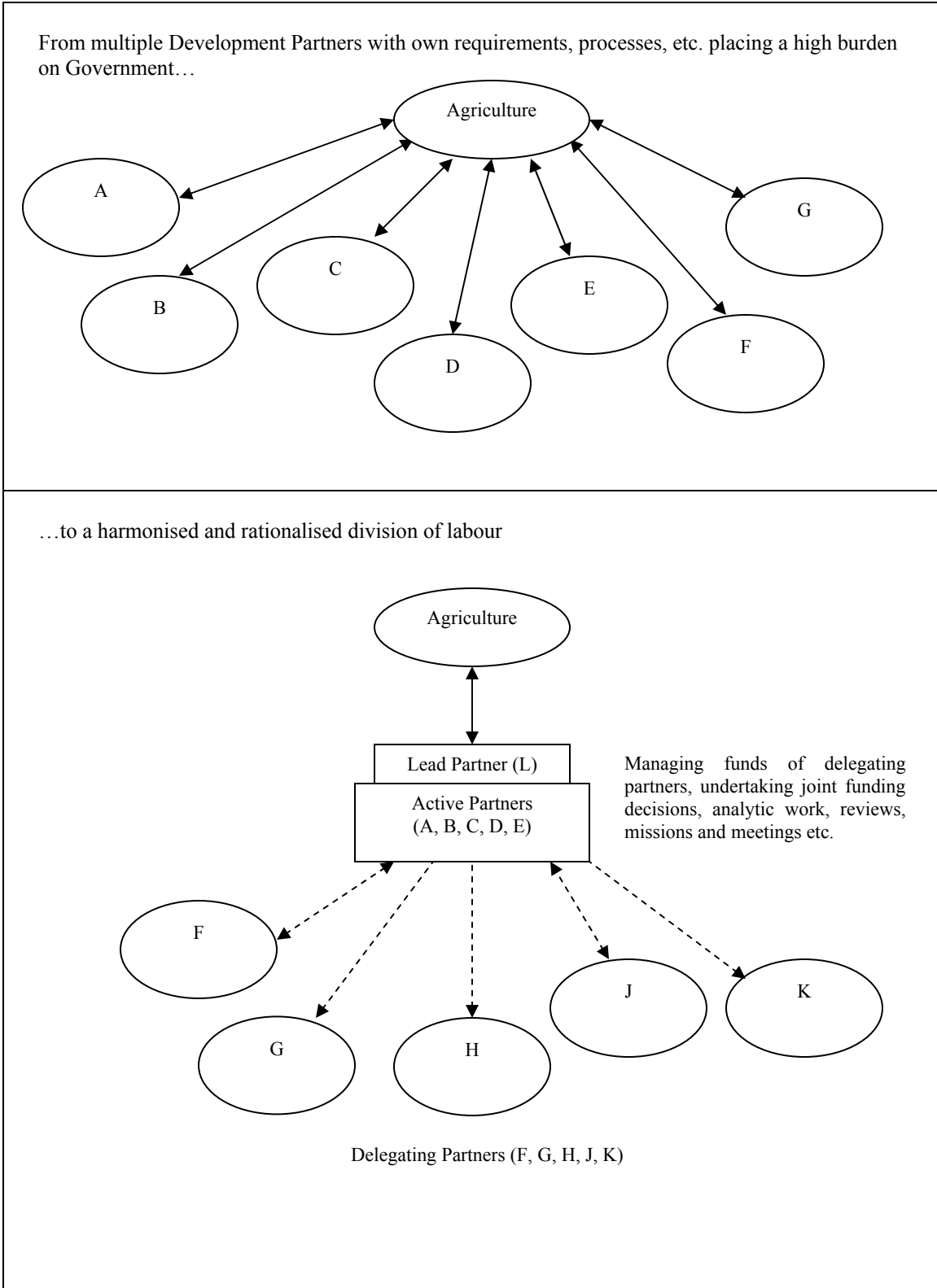
- Development Partner organisational capacity;
- The appropriate total number of Development Partners in a sector or thematic area, taking into account the size, nature, needs in line with Government policies, and capacity of the sector or thematic area of concern;
- Established relationships with Government, other Development Partners and non-state actors;
- Development Partners' willingness to cooperate with each other in a particular sector or thematic area;
- Development Partner headquarter mandate;
- The extent of decentralised authority enabling field offices to make decisions; and
- Willingness to sustain support and invest in the agency's competencies in the long-term.

With regards to taking on a leading role, factors to consider in addition to the above are:

- Development Partner organisational capacity to assume leadership;
- Other Development Partners' willingness to recognise and trust a Development Partner as leader; and
- The distribution of lead responsibilities among Development Partners so as to facilitate equitable sharing of work.

In each sector/thematic area, relevant MDAs in consultation with LGAs and in agreement with Development Partners will decide which Development Partners will actively engage in the area and who will assume the role of lead Partner. In this context, the Government and Development Partners will consider the suitability of existing division of labour arrangements in DPG sector/thematic working groups and will draw on their experience as much as possible. Throughout the implementation of JAST, the Government and Development Partners will continue to jointly reassess the adequacy of existing division of labour arrangements, taking into account and adjusting to possible changes in Development Partners' comparative/competitive advantages or other selection criteria and changing Government needs.

Figure 2: Division of labour among Development Partners under the JAST



7. Financing instruments and arrangements

7.1. Modalities for delivering development assistance to the Government

At the heart of the national development process in Tanzania are the national budget and the MKUKUTA/ MKUZA processes, with the national budget being the primary means for reaching MKUKUTA/ MKUZA objectives. The major links, which inform the implementation of the MKUKUTA/ MKUZA and the commitments made in the national budget, are the annual Public Expenditure Review (PER) and the Medium-Term Expenditure Framework (MTEF), which translates the MKUKUTA/ MKUZA into fundable and implementable activities. The output of these processes informs all stakeholders including Development Partners of the progress achieved and therefore resource commitments for the implementation of the strategies. Full integration of external resources into the Government budget and Exchequer system is therefore crucial for achieving effective planning, implementation and monitoring of the MKUKUTA/ MKUZA.

The Government receives external resources under three modalities, namely General Budget Support (GBS), basket funds, and direct project funds.

General Budget Support

GBS is the Government's preferred aid modality. It has been associated with greater ownership, harmonisation, alignment, managing for results, mutual and domestic accountability. It is thus consistent with the TAS (2002), the Monterrey Consensus (2002), the Rome Declaration (2003), the Marrakech Memorandum (2004) and the Paris Declaration (2005) commitments on aid effectiveness. Specifically, GBS has demonstrated the following advantages over other instruments:

- It is **consistent with the Government legal framework**:
 - √ The Constitution of the United Republic of Tanzania, Chapter 7, Articles 135 and 136 on the control of the legislature on public finances, which state that all revenues/finances derived from various sources for the use of the Government shall be deposited in the Consolidated Fund and be appropriated by the Parliament.
 - √ The Public Finance Act No. 6, 2001, Part II-Control and Management of Public Finance, which states that the Parliament should maintain control over public money and the Minister for Finance should provide full and transparent accounts to Parliament for the use of resources and public moneys.
- It increases the proportion of external resources subjected to the national budget process, thereby **increasing national ownership** of the development process by emphasizing the national budget as the framework for identifying priorities and programming resource use. This allows for a **more equitable distribution of**

development funds within and across MDAs, Regions and LGAs, as all funding allocations are planned and decided in a single process – the national budget.

- It places the Government more fully within the scrutiny of the Parliament and civil society, as more decisions have to be taken within the framework of a transparent budgetary process. This in turn enhances **domestic accountability**.
- It strengthens the Parliamentary role for decision making in resource allocation by including more external resources into the national budget approval process. It thus contributes to **shifting Government accountability from Development Partners to citizens through the Parliament**.
- It **strengthens the national budget process** by limiting the access of Government agencies to extra budgetary finance and by making the national budget the main source of resource allocation. As a result, it will be given more attention by all stakeholders and will thus be strengthened.
- It promotes a **coherent planning process**, consolidating the resource envelope and diminishing the distinction between recurrent and development finance as well as assisting in reducing the gap between external resource flows recorded in the budget and in the balance of payments.
- It **strengthens national public financial management and accountability systems** by providing funds directly to the budget to be utilized through Government's own systems and by using national accounting and audit procedures and systems.
- It **increases the predictability of external resource availability and disbursements** by basing funding decisions on outcomes of a joint review of performance based on a commonly agreed Performance Assessment Framework, which takes place prior to the financial year in which disbursements are to be made. This in turn facilitates more strategic and realistic budget planning as GBS funds are known in advance.
- It directs the focus of **dialogue on national strategic issues** of policy and economic management, and in the process makes significant contributions to the design of policy.
- It directs the focus of **technical assistance and capacity development on core public policy and public expenditure management processes**, thus contributing to the process of institutional renewal which the Government has undergone since the early 1990s.
- It contributes to **transaction cost reduction, Development Partner harmonisation and the alignment process** through adopting a common Performance Assessment Framework, holding joint dialogue, and by using Government systems for disbursement, procurement, accounting and auditing.

Basket funds

Basket funds have played a big role in financing core public reform programmes and development activities at the sector level. During the implementation process, the following shortcomings have however been experienced:

- They have created unnecessary parallel implementation and management systems and structures as well as financing mechanisms, thus adding transaction costs to the Government.
- They have limited the degree of Government ownership over resource allocation across and within sectors and reforms.
- Lack of complete and comparable information across sectors and reforms has created difficulties in reducing the duplication of activities and maximizing complementarities.

Direct project funds

Direct project funds have also been important in financing development expenditures in the country. However, they have demonstrated the following disadvantages:

- The persistent high volume of off-budget project financing arrangements has provided many Government agencies with continued access to financing channels that largely bypass and therefore undermine the national budget process.
- The dominance of foreign project financing which continues to predominantly reflect the priorities of Development Partners has limited and undermined the discretion that is available to the Government to allocate funds in accordance with national priorities. This in turn has prevented the Government from taking full and effective ownership and leadership in managing the development process.
- Projects have often lacked transparency and Development Partners supporting the projects have been better informed about their implementation than the Government and other domestic stakeholders. Hence, accountability to Development Partners has been given priority over domestic accountability.
- Project funding has been more unpredictable than other modalities, as it depends on implementation progress that is difficult to bring in line with the national budget calendar.
- The setting up of costly Project Implementation Units (PIUs) parallel to Government systems and structures has undermined Government structures and systems and prevented project sustainability.

In respect of the above outlined advantages of GBS and limitations of other modalities, Development Partners will increasingly move to GBS from other modalities and adhere to criteria of ‘**good practice**’ for using basket funds and direct project funds. In the medium-term, **basket funds** will be limited to those contexts where it is seen appropriate by the Government and significant transaction cost savings are possible, particularly in **protecting public reforms and/or thematic areas** which are not yet mainstreamed in normal Government activities. The already existing basket funds that do not meet these criteria will therefore be utilised as much as possible as a **transition measure to GBS**. **Direct project funds** to the Government will be utilised for **large-scale infrastructure investment**, for **piloting** where particular service delivery innovations or policies need to be tested before being mainstreamed in the normal Government system and machinery, and for **emergency aid** where quick and localised service delivery is needed. They will

also continue to be used to directly support **non-state actors**. Existing direct project funds that do not fit in these categories will be phased out over the medium-term.

In addition, basket funds and direct project funds that are provided to the Government will adhere to the following *principles*¹:

- They support national, sector and local priorities, strategies, plans and programmes, and are based on the Government's request to undertake such activities outside GBS. The request among others should explain why the basket fund or direct project fund approach is necessary or appropriate and how it is designed to support and be integrated in local, sector and national strategies and plans.
- They are integrated in the national budget process and hence subjected to contestability of resources within the Government budget process.
- They operate within Government structures, systems, regulations and procedures and are consistent with achieving sustainability, complementarity, low transaction costs and local ownership.
- They are designed and implemented under the same conditions as other Government funded activities.
- They follow the proper Government process for project and programme approval.

7.2. Commitment and disbursement arrangements

In order to facilitate effective budget planning, execution and accounting, all external resources to the Government will be integrated into the Government budget and Exchequer system. This is in accordance with the Constitution of the United Republic of Tanzania, Chapter 7, Articles 135 and 136.

Development Partners will inform the Government, according to the agreed timetable through the annual PER process, of the full amount of funds committed over the three-year MTEF period, with minimum year-to-year variations in the rolling three-year MTEF commitments in order to increase predictability for outer years. This will also include Development Partner funds provided to non-state actors in order to enable the Government to take these into account when planning its own activities and thus to avoid duplication or gaps.

All ODA disbursements to the Government will be made through the Government budget and Exchequer system, whereby the Government will ensure timely release of Development Partner funds that are disbursed through the Exchequer from receiving to spending agencies. GBS disbursements will be frontloaded in the first half of the fiscal year and will be in line with the confirmed GBS schedule of disbursements in order to allow for a smooth release of resources for budget implementation. Basket and project fund disbursements will be made in accordance with the existing agreements or as amended. Aid disbursements made to the Government and to non-state actors will be reported by Development Partners on a quarterly basis within the PER process.

¹ The principles are not applicable to emergency aid.

Information on aid commitments and disbursements as well as disbursement modalities will be made available in a timely and transparent manner to all relevant stakeholders.

7.3. Disbursement arrangements for the Revolutionary Government of Zanzibar

External funding to the RGoZ for programmes and projects being implemented by the Government as well as GBS grants will be disbursed through the Government budget and Exchequer system. Financing for programmes and projects implemented directly by the RGoZ will be disbursed through the RGoZ budget and Exchequer system.

7.4. Procurement arrangements

Development Partners will work towards providing development assistance to the Government that is freely and fully available to finance procurement of goods and services from any country and source. Government procurement systems will be used to manage procurements in accordance with the Public Procurement Act No. 21 of 2004 (URT) and the Procurement and Disposal of Public Assets Act No. 9 of 2005 (RGoZ) and their regulations and procedures, which provide for the application of fair, competitive, transparent, non-discriminatory and value for money procurement standards and practices, whereby preference may be given to local suppliers under specified circumstances². Decisions to rely on Government rather than Development Partner procurement systems will however also consider their efficiency and effectiveness and ability to ensure value for money.

Development Partners will work closely with the Government to address weaknesses and further strengthen Government procurement systems so as to attain international standards. Actions and processes for improving them will continue to be implemented and monitored jointly within the PFM RP.

7.5. Accounting and auditing

Development Partners will increasingly use Government accounting and auditing procedures and systems in line with the Public Finance Act No. 6 of 2001 (URT) and the Public Finance Act No. 12 of 2005 (RGoZ). The Government will enhance its capacity to provide reliable and timely accounting and audit reports at all levels. Actions and indicators for the Government (National Audit Office / Controller and Auditor General's Office of RGoZ) to improve accounting and auditing in line with international standards have been developed within the PFM RP process, which will continue to be jointly monitored.

7.6. Financing arrangements for non-state actors

The Government will maintain the independence of non-state actors in managing their own resources. This entails that Development Partners will continue to provide direct

² Sections 49 and 50 of the Public Procurement Act, 2004, state that a "margin of preference" or "exclusive preference" may be given to local persons or firms, also in joint venture with foreign providers.

development assistance to non-state actors. However, in line with existing policies and regulations (e.g. the NGO Act of 2002 (URT), the Zanzibar NGO Policy), non-state actors will be required to maintain a high level of transparency and accountability and share information on their activities and financial resources with their own constituents and the Government. This will allow the Government to take non-state actors' activities into account in its own planning process and thus to avoid duplication of efforts.

The Government will work closely with non-state actors and other stakeholders including Development Partners to facilitate the development and adoption of standards/codes of conduct for non-state actors' transparency and accountability, including the specification of narrative and financial reporting formats. A framework for incentives that rewards high accountability and adherence to good practices will be put in place.

8. Dialogue

8.1. Objectives and principles of dialogue

Dialogue is a discourse between stakeholders of particular issues with the view to learning, exchanging of information and views, and guiding the development policy making process. High quality and regular dialogue between the Government, Development Partners and domestic stakeholders based on already existing national processes is crucial for the successful implementation of the JAST and the MKUKUTA/MKUZA. Such processes include MKUKUTA/ MKUZA, GBS, PER, national budget, sector processes and reform programmes. In this regard, the Government, Development Partners and non-state actors will use dialogue in order to:

- 1) Strengthen their partnership around common goals;
- 2) Improve public policy choices and the effectiveness of Government planning, budgeting and public service delivery;
- 3) Strengthen national ownership and the Government's role as leader in the development process;
- 4) Improve information sharing within their agencies and thus facilitate the adoption of consolidated views; and
- 5) Facilitate Government accountability to the citizens of Tanzania and mutual accountability of the Government and Development Partners.

In view of the above objectives, dialogue between the Government, Development Partners and non-state actors will be guided by the following *principles*:

- Dialogue takes place under **Government leadership** at the respective level, i.e. national, sector and/or local government, through good coordination and organisation providing predictability and an appropriate level of participation.
- Dialogue involves **all relevant stakeholders** in order to facilitate national ownership, and stakeholders have a clear understanding of the objectives of each dialogue forum and their roles and responsibilities therein.
- All stakeholders participate in dialogue with the view to facilitate **domestic accountability**.

- Dialogue is **open and frank and based on mutual trust** and respect in order to allow for a fruitful exchange of views and, where necessary, for formulating consensus. Every participant has an equal opportunity to share their views.
- Dialogue seeks to **minimise transaction costs** through simplification and rationalisation around the national calendar of policy and consultative processes.
- Issues discussed in dialogue are subject to **thorough scrutiny** in order to enhance accountability and the quality of final agreements.
- **Information** is shared among stakeholders in a **transparent, timely, clear and accessible** manner. This includes advance communication and dissemination of material in preparation of dialogue fora.
- Dialogue has **established follow-up mechanisms** for the outcomes of dialogue and dialogue outputs feed into policy making.

The Government and Development Partners will establish an objective mechanism for monitoring adherence to these principles in the context of monitoring JAST, whereby results are considered by all stakeholders in order to ensure mutual accountability.

8.2. Dialogue structure

Dialogue between the Government, Development Partners and other stakeholders will take place at various levels within the already existing structures under the national budget, MKUKUTA/ MKUZA and other processes. The Government will strengthen dialogue mechanisms at all levels as well as their linkages around the national budget and MKUKUTA/ MKUZA processes. Key national multi-stakeholder fora are outlined in table 2 below. All stakeholders respect these fora as the primary tool for entering dialogue on the respective issues.

Table 2: Key dialogue fora at national level *[to be further developed]*

Forum	Actors	Issues to discuss	Output	Linkage to other processes
MKUKUTA/ MUZA process, Poverty Policy Week	Government, Development Partners, non- state actors	Assessment of progress in implementing MKUKUTA/ MKUZA, including sector reforms and cross-cutting issues	Annual MKUKUTA/ MKUZA report, biennial PHDR	Feed into national budget, JAST process, and the preparation of plans, programmes, projects at national, sector, local levels
PER	Government, Development Partners, non- state actors	National and local government budget performance and resource allocation in line with MKUKUTA/ MKUZA, public financial management and procurement, macro economic issues, financial accountability and fiduciary risk, Development Partner adherence to JAST aid predictability criteria	Cluster studies, PEFAR report, data on aid predictability	Feed into national budget preparation, MKUKUTA/ MKUZA and JAST process
GBS process	Government, Development Partners	PAF assessment (1. growth and income poverty reduction, 2. improvement of quality of life and social well being, 3. governance and accountability, 4. resource allocation and budget consistency, 5. public financial management, 6. macroeconomic stability), strategic and technical issues of GBS, Development Partner performance in meeting their commitments as outlined in the Partnership Framework Memorandum	GBS review report, reassessment of PAF indicators, GBS commitments for next FY	Provide findings to JAST process; inputs into national budget preparation
PSI	Government, BOT, IMF and other Development Partners	Macroeconomic performance	Memorandum of Economic and Financial Policies	Provide inputs to GBS process
Development Cooperation Forum	Government, Development Partners	Strategic debate, consultation and policy advice on MKUKUTA/ MKUZA, JAST, cross-cutting issues, key policy and public sector reforms, aid exit strategy	Advise on high-level political decisions	Feeds into JAST process
JAST process	Government, Development Partners, non- state actors	Assessment of Government and Development Partner implementation of JAST	Annual JAST report, reassessment of JAST actions, biennial IMG report	Informs Government- Development Partner relations

In addition to the above listed multi-stakeholder consultative fora, the Government will maintain and further strengthen internal dialogue mechanisms at national, sector and local level, between central and local government authorities, following the appropriate channels of communication. Where applicable, this will take place through established umbrella bodies, e.g. ALAT. Development Partners will also maintain an effective dialogue structure among their agencies, in particular within arrangements of delegated co-operation.

8.3. Sector dialogue

As the overarching strategy for guiding the use of external resources to support the implementation of the MKUKUTA/ MKUZA, the JAST promotes the strengthening of underlying sector processes through effective participation in dialogue by all stakeholders. Based on the concept of division of labour outlined in section 6 and the principles for effective dialogue specified in section 8.1., relevant Government, Development Partner and non-state actor stakeholders are expected to participate in sector dialogue especially by using Sector-Wide Approaches (SWAPs). SWAPs will thus serve as instruments for organising sector dialogue around strategic issues and overall policy directions rather than for deciding on the provision of funding. Stakeholders will engage in transparent and timely sector dialogue, particularly for scrutinising spending plans, for assessing performance in implementing sector policies, strategies and plans, the effectiveness of budgeting and execution and its link to the MKUKUTA/ MKUZA as well as linkages with other sectors, and for informing decision-making at sector level. Sector reviews will also consider the effectiveness of Development Partner supported programmes and projects in contributing to MKUKUTA/ MKUZA outcomes. Outputs of sector dialogue will feed into cluster and national processes (e.g. MKUKUTA/ MKUZA, national budget/PER, GBS review). Their timing and scope will therefore be aligned to these processes. Although JAST will guide overall sector-level dialogue improvement, specific actions to enhance dialogue will be decided by each sector, reflecting different degrees of maturity in terms of capacity and institutional setup.

9. Risk mitigation

Various factors may put the implementation of the JAST at risk. The main risks to be addressed are political, institutional and operational, and fiduciary.

9.1. Political risk

Political risk relates to the non-implementation of JAST or reversal of the Government's commitment to its implementation due to political instability or other adverse political events, changing political leadership or problems of political governance. This includes the Government's move away from its stated goal of working towards national development and poverty reduction. Political risk also includes the risk that different interest groups within Government and domestic stakeholders may not support the JAST.

These risks are addressed and mitigated in the following ways:

- (1) Cabinet approval of the JAST gives the JAST a firm political grounding and will make reversal difficult, as the JAST will be a binding national strategy for the Government.
- (2) Divergence from JAST partnership arrangements will be dealt with through consultation and dialogue between the Government and Development Partners at the appropriate level for decision-making.
- (3) The Government is committed to improving governance, accountability and national unity, which are addressed in the MKUKUTA/ MKUZA as well as in various reform programmes (e.g. the PSRP, PFMRP, LSRP, NACSAP, LGRP and RGoZ reforms) and are subject of continuous high-level dialogue between the Government and Development Partners.
- (4) The Government will continue to raise Parliamentarians', Councillors' and politicians' awareness of the JAST and will support the strengthening of their capacity in fulfilling their role in the JAST process.
- (5) All levels of Government as well as non-state actors have been consulted in and have supported the formulation of the JAST. Throughout the JAST implementation process, Government and non-governmental stakeholder support will continue to be forged through on-going awareness and capacity building, information sharing as well as their participation in various consultative fora, including the JAST review.

Political risk also occurs on the part of Development Partner country governments, for example through government change or other internal political events that weaken or reverse commitment to the JAST or to previously promised ODA. To mitigate the risk that Development Partner countries or headquarters reverse their commitment to the JAST,

- (1) Bilateral agreements and country assistance strategies of Development Partners will be brought in line with JAST;
- (2) The Government and Development Partners will engage in consultation and dialogue at the appropriate level for decision-making in case of a divergence from JAST partnership arrangements by Development Partners; and
- (3) Development Partners will take their commitment to the Paris Declaration and other international aid effectiveness initiatives seriously and will continue to advocate at headquarter and international level for adherence to these commitments.

9.2. Institutional and operational risk

The Government at national, sector and local level and Development Partners at country and headquarter levels face institutional and operational risks in implementing the JAST, as the JAST is highly demanding of both Government and Development Partner capacity. It requires substantial changes in the way things are done including improvements in individual, organisational and institutional capacity and the incentive structure that motivates people and organisations.

To mitigate this risk within Government agencies, the Government will

- (1) Continue to raise awareness among Government officials in all MDAs, Regions and LGAs of the content, benefits and functioning of JAST;
- (2) Clearly identify and communicate their roles and responsibilities in implementing JAST;
- (3) Strengthen Government ownership and leadership of the JAST through capacity development, as outlined in section 5.3;
- (4) Work to achieve better organisation and better horizontal co-operation within and between Government agencies including more effective information sharing and consensus building; as well as
- (5) Regularly monitor and review together with Development Partners and non-state actors, including the IMG, Government agencies' performance under the JAST, which will allow for risks to be identified on a continuous basis.

The JAST also requires that Development Partner agencies change their practices as well as their attitude toward the Government and development co-operation, adopt a flexible approach to their development operations and accept that doing business in Tanzania may differ from other countries. The risk of non-compliance with the JAST and of loss of institutional memory will be mitigated by

- (1) Better handing-over procedures,
- (2) Adequate training and agency capacity development,
- (3) Appropriate recruitment policies and staff performance assessment in line with the requirements of JAST, as well as
- (4) Greater devolution of authority from headquarters to field offices.

9.3. Fiduciary risk

Fiduciary risk arises from public expenditures: (a) not being properly accounted for, (b) not being used for its intended purposes, and (c) not representing value for money. Fiduciary risk covers the budgetary process, effectiveness of the financial and legal system and other areas. The Government will take ownership over fiduciary risk assessment and will establish or strengthen appropriate systems for this purpose. Development Partners will harmonise their fiduciary requirements and safeguards.

Measures to be undertaken by the Government with the support of Development Partners to address fiduciary risk are:

- (1) Ongoing efforts to strengthen strategic budget planning and execution as well as effective operation of the Government's financial management and accountability systems at central, sector and local government levels under the MKUKUTA/MKUZA, PFMRP and LGRP;
- (2) Building an efficient and effective procurement system by implementing the Public Procurement Act No. 21 of 2004 (URT) and the Procurement and Disposal of Public Assets Act No. 9 of 2005 (RGoZ), so as to ensure competitive and open, decentralised procurement and cost-effective purchases in line with international standards;
- (3) Improving transparency in public spending;

- (4) Ongoing national anti-corruption measures under the MKUKUTA/ MKUZA and the NACSAP;
- (5) Strengthening the technical and administrative capacity of Government agencies through on-going implementation of the PSRP;
- (6) Open and frank policy dialogue on public financial management, accountability issues and corruption;
- (7) Monitoring and evaluation of the effectiveness of public financial management and accountability systems in the MKUKUTA/ MKUZA, PER and PFMRP processes; as well as
- (8) Periodic harmonised diagnostic reviews under Government leadership within existing Government processes.

10. Monitoring and evaluation of the JAST

The Government and Development Partners will regularly monitor and evaluate their performance relative to the jointly agreed actions, indicators and targets outlined in the JAST Action Plan and Monitoring Framework in order to assess their progress towards achieving JAST objectives and commitments. JAST indicators and targets will be drawn from six broad categories and also reflect the internationally agreed Paris Declaration indicators as adapted to the Tanzanian context:

1. **National ownership and Government leadership** of the development process and of aid management. Areas of concern under this area include: Government planned and organised dialogue process, national capacity development, and domestic stakeholder involvement in managing the development process.
2. **Alignment** of Development Partner support and processes to Government priorities, strategies, structures, systems and processes. Some of the issues to be monitored under this theme are: Development Partner processes respect the Government calendar of processes, move towards budget support modality, contribution of programmes/projects to specific MKUKUTA/ MKUZA operational targets and cluster strategies, timely MTEF commitments and disbursements, and Government strengthening of public financial management systems.
3. **Harmonisation and rationalisation** of Government and Development Partner processes around the MKUKUTA/ MKUZA and the national budget. Some of the monitoring areas are: harmonising sector ministry and local government processes around MKUKUTA/ MKUZA and national budget processes, streamlining missions/meetings/reviews, delegated co-operation and division of labour, sharing information and country analytic work.
4. **Managing for results** on MKUKUTA/ MKUZA. In this area, monitoring under the JAST will among others look at Development Partner focus of support on results in the MKUKUTA/ MKUZA, their reliance on Government monitoring and evaluation frameworks and systems, and the functioning of these systems including the MKUKUTA/ MKUZA monitoring system and review processes, as well as Government strategic resource allocation for implementing the MKUKUTA/ MKUZA.

5. **Operational functioning of JAST** including the effectiveness of dialogue mechanisms, institutional structures and risk mitigation measures.
6. **Mutual and domestic accountability.**

Monitoring and evaluation of the JAST will take two forms: (1) Joint Monitoring and Evaluation, and (2) an assessment by an Independent Monitoring Group (IMG).

1. The Government and Development Partners in consultation with non-state actors will undertake a joint annual review of the JAST. The review will be coordinated by a joint Government-Development Partner JAST Working Group. It will to the greatest extent possible use the existing Government processes as the main avenues for detailed discussion, dialogue and information generation. They include the national budget/MTEF/PER, MKUKUTA/ MKUZA and GBS processes. JAST monitoring and evaluation will be integrated in the regular monitoring and evaluation systems of MDAs, Regions and LGAs. For this purpose, internal monitoring and reporting mechanisms will be established and strengthened.

An annual JAST report will bring together the results including progress, challenges and the way forward and will be made available in a timely manner to all stakeholders and the general public in order to facilitate domestic accountability. In addition, a comprehensive joint mid-term and final review of JAST implementation will be undertaken in each five-year cycle.

2. The Government and Development Partners will jointly commission an Independent Monitoring Group to undertake an independent mid-term and final assessment of the performance of the Government and Development Partners in implementing the JAST in line with the agreed JAST actions, indicators and targets. It will also look at country progress towards meeting the international objectives and commitments on aid effectiveness. The IMG exercise will contribute to strengthening mutual accountability between the Government and Development Partners. It will also facilitate increased domestic accountability through dissemination of the IMG report to the general public and stimulation of public debate on the findings.

The frequency and outputs of the JAST monitoring and evaluation process are outlined in the table below.

Table 3: JAST Monitoring Process

Actors	Year 1	Year 2	Year 3	Year 4	Year 5	Year 1
Government, DPs, non-state actors	→	Report 1	Report 2	Report 3/ Mid-term Report	Report 4	Report 5/Final Report
IMG			→ IMG Report			→ IMG Report

ANNEX 1. Annual Government Calendar of Processes *[subject to change]*

Quiet Time shaded →	July	August	September	October	November	December	January	February	March	April	May	June
MKUKUTA/ MKUZA	National Poverty & Human Dev't Report (every two years)		MKUKUTA / MKUZA Annual Review - Progress report	JSA (Joint Staff Assessment)/ Zanzibar Human Dev't Report	Poverty Policy Week		MKUZA Semi Annual Report		Zanzibar Growth Strategy Implementation Report			
National Budget & MTEF	Government Budget Session and approval			Budget Guidelines Preparation			Budget Guidelines	Sector Budget and MTEF Preparation		Budget and MTEF Finalization		Government Budget Books published, National Budget Session
PER		Submission of Cluster Studies	Submission of MTEF projections by Development Partners							PER Annual Review Meeting / PEFAR Report		
PER at LGA level		Preparation of ToR and request of consultants			Submission of 1 st draft of PER studies	Presentation of studies to sector group	Presentation of studies to cluster group		Submission of final PER studies to Treasury			
GBS				Annual GBS Review Meeting		Confirmation of firm GBS commitments by GBS Partners						
PSI				IMF PSI Review Mission	IMF Staff PSI Report Issued						IMF PSI Review Mission	IMF Staff PSI Report issued
DCF		DCF Meeting			DCF Meeting			DCF Meeting			DCF Meeting	
JAST			JAST Working Group Meeting		JAST Annual Report	JAST Working Group Meeting			JAST Working Group Meeting			JAST Working Group Meeting

ANNEX 2: Key Stages in the JAST Development Process

- June 2003** PRS/Harmonisation Technical Retreat discusses joint Government-Development Partner study on the scope for harmonising and rationalising Government and Development Partner processes and raises idea to develop a JAST
- Sep 2003** Rationalisation High-Level Forum agrees on the development of a JAST
- Aug 2004** The Government prepares zero draft JAST Concept Paper and discusses it at the level of Directors of Policy and Planning
- Dec 2004** The Government prepares first draft JAST Concept Paper and circulates it to MDAs, Development Partners and non-state actors for comments
- Apr 2005** First high-level JAST Consultative Meeting between Government, Development Partner head and field offices, and non-state actors
- May 2005** The Government prepares first draft JAST Document and circulates it for comments to MDAs, Regions, LGAs, Tanzanian Embassies, Development Partners and non-state actors
- Sep 2005** JAST Consultation with non-state actors
- Nov 2005** The Government prepares second draft JAST Document
JAST Consultation with Directors of Policy and Planning
- Feb 2006** JAST Consultation with Parliamentarians
JAST Consultation with Permanent Secretaries
- Mar 2006** The Government prepares third draft JAST Document
- Apr 2006** JAST Consultation with Principal Secretaries and Directors of Planning and Administration of the RGoZ
Second high-level JAST Consultative Meeting between the Government and Development Partners
- May 2006** JAST Document is presented to the RGoZ Planning Commission
Finalisation of JAST Document
- Jun 2006** JAST is approved by the Cabinet of the RGoZ
- Oct 2006** JAST is approved by the Cabinet of the Government of the URT
- Dec 2006** JAST is officially launched

GLOSSARY OF TERMS

In the context of development partnership in Tanzania, the below listed terms have the following meaning:

Aid modality: An aid modality is a mode of providing development assistance, e.g. (1) general budget support, under which aid is provided to the general budget; (2) basket funds, under which support is provided to a programme or sector; and (3) direct project funds, under which assistance is provided to a particular project.

Basket Fund: A basket fund is a funding modality under which more than one Development Partner collectively funds a country's development programme or sector as a whole with harmonised procedures, processes, etc.

Capacity development: Capacity development is the process of unleashing, creating, strengthening, adapting and maintaining the capacity of individuals, organisations, institutions and society as a whole.

Comparative/competitive advantage: Comparative advantage is defined as an area/activity in which an agency is considered to be at its most effective in relation to all other areas/activities in which the agency is or could be engaged. Competitive advantage refers to an agency's ability to perform an activity better than other agencies do. For deciding a rationalised division of labour in the context of JAST, both criteria apply such that where several agencies' comparative advantage lies in the same area, competitive advantage may be used as the overriding criteria. Where an agency has a competitive advantage in several areas, its comparative advantage will determine the agency's area of focus.

Consultant: A consultant is defined, according to the Public Procurement (Selection and Employment of Consultants) Regulations (2005) of the Public Procurement Act No. 21 of 2004 (URT), Section 3, as "a firm, company, corporation, organisation, partnership or individual person registered or capable of being registered by the relevant professional regulatory body engaged in or able to be engaged in the business of providing services in architecture, economics, engineering, surveying, accountancy, auditing, taxation, management or any field of professional activity including technical assistance, and who is, according to the context, a potential party or the party to a contract with the procuring entity".

A national consultant is defined by the above mentioned Regulation as "an individual consultant whose nationality is that of Tanzania or a consulting firm whose majority share capital, as far as the ownership thereof is or can be publicly known, is owned by citizens of Tanzania".

A foreign consultant is defined by the same Regulation as "either an individual consultant whose nationality is that of a foreign country or a consulting firm whose majority of its

share capital, as far as the ownership thereof is or can be publicly known, is owned by citizens of foreign countries”.

Consultancy service: A consultancy service is defined, according to the Public Procurement (Selection and Employment of Consultants) Regulations (2005) of the Public Procurement Act No. 21 of 2004 (URT), Section 3, as “a service of an intellectual or advisory nature, provided by a practitioner who is skilled and qualified in a particular field or profession and includes, but not limited to, engineering design or supervision, architecture, quantity surveying, accountancy, auditing, financial services, procurement services, training and capacity building services, management services, policy studies, and advice and assistance with institutional reforms”.

Development Partners: Development Partners are members of the Development Partners Group (DPG) and other bilateral or multilateral agencies that provide official development assistance to Tanzania.

Domestic accountability: Domestic accountability refers to the responsibility and answerability of the Government to its citizens for its decisions and actions including the use of public resources, the provision of public services and the implementation of its commitments to the attainment of development results.

Exchequer System: The Exchequer System is a system for capturing and accounting for all resources available to the Government and expenditures by the Government. It involves the depositing/channelling of public financial and non-financial resources through the Government Consolidated Fund and appropriation from it by the Act of Parliament and accounting for them by the Minister for Finance. The current Government Exchequer system is managed in a computerised Integrated Financial Management System.

Financial Year (FY): The financial year of the Government starts on 1 July and ends on 30 June.

General Budget Support (GBS): GBS is an aid delivery modality which provides financial assistance to the overall national budget (Government Consolidated Fund). It is allocated by the Government according to its legal and budgetary process and hence subjected to the same degree of contestability as domestic resources.

Leadership (of the Government): Government leadership refers to the Government’s responsibility to effectively guide and manage the country’s development process and its precedence over other stakeholders in deciding development priorities, policies, strategies and actions.

Medium-Term Expenditure Framework (MTEF): The MTEF is the Government’s budget planning tool, providing a resource framework for three financial years on a rolling basis.

Monterrey Consensus: The Monterrey Consensus on Financing for Development, agreed by donor agencies and developing countries at the United Nations International Conference on Financing for Development in Monterrey, Mexico, in March 2002, emphasises among others the importance of developing countries to take the lead in managing their development process and of developed countries to provide increased and more effective aid.

Mutual accountability: Mutual accountability refers to the responsibility and answerability of both the Government and its Development Partners to domestic stakeholders and to each other for their actions in fulfilling their shared commitments in development co-operation.

National Poverty Eradication Strategy (NPES): The NPES, prepared in 1997, spells out Tanzania's long-term poverty reduction targets. It provides a guiding framework for coordinating and supervising the formulation, implementation and evaluation of policies and strategies for poverty eradication and identifies three areas for strategic intervention: (1) creation of an enabling environment for poverty eradication; (2) capacity building for poverty eradication; and (3) poverty eradication.

National Strategy for Growth and Reduction of Poverty (NSGRP/MKUKUTA): The MKUKUTA is Tanzania's second-generation PRS. It is the central coordinating framework for growth and poverty reduction initiatives in the country. It is set out for five years and adopts an outcome-based rather than a sector-oriented approach, based on three broad clusters: (1) growth and reduction of income poverty; (2) improvement of the quality of life and social well being; and (3) governance and accountability.

National Vision 2025: The National Development Vision 2025, established in 1999, is Tanzania's overall development framework that lays out long-term national social and economic development goals. It envisages that by the year 2025, Tanzania will have graduated from a least developed country to a middle income country with a competitive economy capable of producing sustainable growth and shared benefits, a high quality livelihood, a well educated and learning society, peace, stability and unity, as well as good governance.

Non-governmental organisation (NGO): NGOs are according to the NGO Act, 2002, Section 2, defined as "a voluntary grouping of individuals or organization which is autonomous, non-partisan, non-profit making, which is organized locally at the grassroots, national or international levels for the purpose of enhancing or promoting economic, environmental, social or cultural development or protecting environment, lobbying or advocating on issues of public interest of a group of individuals or organization, and includes a non-governmental organization established under the auspices of any religious organization or faith-propagating organization, trade union, sports club, political party, or community based organization; but it does not include a trade union, a social club or a sports club, a political party, a religious organization or a community based organization."

Non-state actors: Non-state actors are local communities; CSOs including non-governmental organisations (NGOs), community-based and faith-based organisations; academic and research institutions; the private sector and the media.

Official development assistance (ODA): ODA consists of grants and concessional loans (i.e. loans with a grant element of at least 25 percent) that are provided by the official sector (bilateral or multilateral agencies) to developing countries for the purpose of supporting economic development and welfare. In addition to financial flows, ODA includes technical assistance.

O&OD planning methodology: The Obstacles & Opportunities for Development (O&OD) approach is a participatory planning methodology that consists of a comprehensive assessment of community needs and capacities in a particular council, which can be updated periodically. It is the Government's approved planning methodology at local government level.

Ownership (national): National ownership means that citizens through their Government take responsibility in managing the country's development and poverty reduction processes according to national priorities and citizens' needs. It includes the active participation of citizens in formulating, implementing, monitoring and evaluating the country's development and poverty reduction policies, strategies and programmes. It also means that citizens hold the Government to account for the use of public funds and its commitments, including the provision of public services and the attainment of development results.

Performance Assessment Framework (PAF): The PAF consists of a range of performance indicators for the Government. It is used by GBS partners as a basis for deciding their provision of general budget support for the next financial year.

Paris Declaration 2005: The Paris Declaration was adopted at the Second High-Level Forum on Aid Effectiveness in Paris in March 2005. It commits donors and developing countries to take far-reaching and monitorable actions to reform the ways in which aid is delivered and managed for greater aid effectiveness. The Partnership Commitments of the Declaration focus on national ownership, harmonisation, alignment, managing for results, and mutual accountability.

Performance Management System (PMS): The PMS is a planning and monitoring framework that links institutional plans to individual responsibilities by relating what individuals do to what institutions aim to achieve. It was developed in 1999 during the first phase of the PSRP and includes the following components: service delivery surveys, self assessments, MDA strategic plans, operational and action plans, client service charters, an Open Performance Review and Appraisal System, and a Monitoring and Evaluation System in the Policy and Planning Departments of MDAs.

Poverty Reduction Strategy (PRS): The PRS is the national medium-term framework for poverty reduction. The country's first PRS, the Poverty Reduction Strategy Paper,

was drawn up in 2000 in the context of the enhanced HIPC Initiative covering a period of three years. It focused its interventions for poverty reduction on seven priority sectors (Basic Education, Primary Health, Water, Rural Roads, Judiciary, Agriculture Research and Extension, and HIV/AIDS).

Project Implementation Unit (PIU): A PIU is a dedicated management unit designed to support donor funded projects or programmes.

Parallel PIUs are created outside the existing structure of the national implementing agency or duplicate or recreate ministry functions and capabilities.

Rome Declaration 2003: The Rome Declaration on Aid Harmonisation was adopted at the First High-Level Forum on Harmonisation in Rome in February 2003. It commits developing countries and donors to taking action to enhance developing country ownership in the development process and to improve the management and effectiveness of aid by implementing a range of good practice principles and standards for development cooperation. These include among others: ensuring that harmonisation efforts are adapted to the country context and that donor assistance is aligned with the recipient's priorities and systems; expanding country-led efforts to streamline donor procedures and practices; reviewing and identifying ways to adapt institutions' and countries' policies, procedures and practices to facilitate harmonisation; improving transparency, accountability and predictability of aid including the use of national financial systems in aid delivery; providing budget, sector and balance of payments support; as well as strengthening the capacity of aid recipient governments.

Sector-Wide Approach (SWAp): A SWAp is a mechanism for organising dialogue between the relevant Government agency, Development Partners and non-state actor stakeholders around a particular sector and its policies, strategies and programmes. Development Partners adopt a harmonised approach to their engagement in the sector. A SWAp is not a funding instrument and all aid modalities (GBS, basket and project funds) can be used under it.

TAS best practices: The 13 TAS best practices are (1) the Government takes leadership in developing policy priorities, strategic frameworks and institutionalised co-operation mechanisms in various areas and sectors; (2) the Government involves civil society and the private sector in developing national policies, strategies and priorities; (3) the Government prioritises and rationalises development expenditures in line with stated priorities and resource availability; (4) resources are integrated into a strategic expenditure framework; (5) reporting and accountability systems are integrated; (6) resource disbursements are adequate relative to prior commitments; (7) the timing of resource disbursements is responsive to exogenous shocks to the Tanzanian economy; (8) Development Partner policies complement domestic capacity building; (9) firm aid commitments are made for longer time periods; (10) public financial management is improved; (11) the Government creates an appropriate national accountability system for public expenditure; (12) Ministries, regions and districts receive clean audit reports from

the Controller and Auditor General; and (13) reporting and accountability at national and sector level is transparent.

Tanzania National Business Council (TNBC): The TNBC is the main forum for consultation between the public and private sectors on strategic issues of economic growth and development. It consists of representatives from the Government, the private sector, organised labour and academia and is chaired by the President of the United Republic of Tanzania.

Technical assistance (TA): TA is defined as the provision of local or foreign personnel for advisory or consultancy services, of equipment, training, research and associated support with the aim to share, adapt and develop ideas, knowledge, skills or technologies.

Untied technical assistance: Untied TA is technical assistance that is not bound to the source of financing and not part of a funding conditionality but can be freely procured from any source (including the financing provider) depending on the Government's choice.

Zanzibar Vision 2020: The Zanzibar Vision 2020 is a long term plan for eradicating absolute poverty and attaining overall sustainable human development in Zanzibar by the year 2020.

Zanzibar Poverty Reduction Plan (ZPRP): The ZPRP was the RGoZ's first medium-term plan for the implementation of the Zanzibar Vision 2020. The Plan had a span of three years (2002-2005), focusing on reducing income poverty, improving human capabilities, survival and social well-being, and containing extreme vulnerability through selected priority areas of health, water, agriculture, infrastructure (in particular rural roads), combating HIV/AIDS and promoting good governance.

Zanzibar Strategy for Growth and Reduction of Poverty (ZSGRP/MKUZA): The MKUZA is the second generation of the Zanzibar Poverty Reduction Plan (ZPRP), aiming at enhancing economic growth and reducing poverty. It is a results-based strategy, emphasising cross-sectoral linkages and focusing on attaining outcomes in three broad clusters, namely (1) growth and reduction of income poverty, (2) social services and well being, and (3) good governance and national unity.

Zanzibar Business Council: The Zanzibar Business Council is a dialogue forum for enhancing public-private partnerships in order to achieve poverty reduction through promoting and building a conducive policy and regulatory environment to support the development of a vibrant and competitive private sector. It consists of representatives of the Government and the private sector and is chaired by the President of the RGoZ.