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The American University in Cairo

School of Humanities and Social Sciences

**Aid Harmonization: U.K and Denmark Aid
Policies towards Tanzania and Ghana
(2005-2010)**

A Thesis Submitted to

The Department of Political Science

In Partial Fulfillment of the Requirements

For the Degree of Master of Arts

By

Abeer Rabei Youness

Under the supervision of **Dr. Ibrahim Elnur**

July/ 2012

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ABBREVIATIONS

APDev	Africa Platform for Development Effectiveness
AU	African Union
BWI	Bretton Woods Institutions
AfDB	African Development Bank
DANIDA	Denmark's Development Cooperation
DFID	The UK government Department for International Development
DRC	Democratic Republic of the Congo
EU	European Union
ERP	Economic Recovery Programme
FCO	British Foreign and Commonwealth Office
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (the German Society for International Cooperation)
HIPC	Heavily Indebted Poor Countries
IMF	International Monetary Fund
JAST	Joint Assistance Strategy for Tanzania
G-JAS	Ghana Joint Assistance Strategy
DAC	The Development Assistance Committee
MDBS	Multi – Donor Budget Support
MDGs	Millennium Development Goals
NLC	The National Liberation Council
NPP	New Patriotic Party
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
SADC	Southern African Development Community
SAPs	Structural Adjustment Programs
PRSP	Poverty Reduction Strategy Paper
PAMSCAD	The Programme of Actions to Mitigate the Social Costs of Adjustment
TAS	Tanzania Assistance Strategy
UNDP	United Nation Development Programme

ABSTRACT

By the beginning of the Third Millennium, donors reassessed the aid architecture and adopted a new aid regime based on the partnership principles to attain poverty reduction. Harmonization is one of core principles to increase aid effectiveness because it has potential benefits for donors through minimizing transaction costs and for recipient countries by improving the predictability of budget aid. However, empirical studies and international reports showed that the degree of harmonization is limited. The thesis attempts to explore the possible causes behind limited progress in this principle between 2005 and 2010 through comparing aid policies of two main donor countries in Africa: The United Kingdom and Demark towards Tanzania and Ghana.

The thesis finds that the British and Danish aid polices as declared have been affected by Paris principles; nevertheless, their harmonized operations have been conducted on multilateral manner. On the recipient side, the adequate capabilities of Ghanaian governments in addition to the availability of natural resources have enabled the governments to employ harmonized aid while Tanzanian governments have not been able to enhance the degree of harmonization.

INTRODUCTION

Statement of the Problem

Foreign aid simply resembles a mutual relation between donors and recipients. According to donor, it is an effective tool to achieve foreign policy goals and from recipients' perspectives, it is an important source of financing development projects and programs. The aid architecture* institutionalized after the Second World War through Bretton Woods Institutions; nevertheless, with the beginning of the third millennium, donors reassessed the aid architecture and adopted a new architecture based on the notion of partnership. Partnership has been developed to regulate the relation between donors and recipients on the base of reciprocity and it is interpreted in Paris Declaration on Aid Effectiveness in 2005. The declaration sets five "Partnership Commitments" that became a procedural framework on aid effectiveness and donors attained to meet all partnership commitments by 2010; thus a survey on monitoring the Paris Declaration was conducted before the meeting of high level forum on aid effectiveness in South Korea in November 2011. The survey shows modest performance from donors. A significant progress is reported just in the fourth principle "managing for result" in addition to major reforms occurred in recipient countries regarding formulating development policies and financial structure.

Regarding the third principle "harmonization"; it is related to ownership and alignment principles because attaining harmonization in terms of less proliferation, less duplication and transparency means step forward to achieve benefits of the other two principles. The aforementioned survey shows that donors succeeded in achieving

* The International Development Association (IDA) in the World Bank (2007) identifies aid architecture as '*the set of rules and institutions governing aid flows to developing countries*' p.1

one indicator of aid harmonization which is technical cooperation; however, other indicators such as the uses of program-based approach, the coordination of donor missions and analytic works have not been accomplished yet.

In this context, the main research question of the thesis is "**what are the possible causes behind the limited progress in implementing the principle of harmonization between 2005 and 2010 by comparing aid policies of two donor countries (United Kingdom and Demark) towards two African countries (Tanzania and Ghana)**". And this question shall be answered through examining and analyzing the following items:

- The scope and degree of each donor's commitment to the international and regional initiatives on aid effectiveness.
- The similarities and differences in aid harmonization between the two donors in the two recipient countries.
- The role of recipient countries in endorsing aid harmonization.

Review of the literature

Literature on aid harmonization might be divided into two categories: the first category discusses aid coordination as one aspect of aid effectiveness and tackles it in the volume included the various principles of aid effectiveness; while the second category focuses on imperatives of aid coordination.

Regarding the literature that handles aid harmonization generally, Owen Barder (2006) affirmed that foreign aid has actually achieved notable growth in developing countries. However, he urged that increasing aid to the poorest countries to attain millennium development goals (MDGs) might lead to negative impacts because of

three types of constraints: micro economic (ex. transactional costs), macroeconomic (ex. Dutch Diseases) and political economy (ex. corruption). Barder concluded that to overcome those constraints, donor ought to coordinate their aid policies and direct their disbursement to government budget in order to limit duplication and proliferation. William Easterly (2006) in his well known book *"The White Man's Burden: Why the west's efforts to aid the rest have done so much ill and so little good"* criticized donors policies because donors used to handle developing countries' problems as technical problems (planners' approach) and they ignored the specificity of each country. Thus he urged that donors ought to indicate their foreign aid policy according to (searchers' approach) because poverty is a multi dimensional problem.

On the other hand, there are literature that tackled harmonization through certain approach and I will refer only to two of these approaches; the first is the institutional approach, Gibson, Clark, et al.(2005) analyzed aid effectiveness in term of incentives within institutions in donor and recipient countries. The main argument is that incentives within institutional process might foster or hinder effectiveness of development aid. Authors examined perverse incentives in collective action situations on individual, national, and international levels. For donors, the collective action problems that mitigate aid effectiveness are informational problems and other problems caused by insufficient institutions. It's worth to mention that the informational problems includes lack of asymmetric information about the characteristics of each community and these problems occur when the donor countries do not recognize or appreciate local knowledge so that aid is not delivered to the real beneficiaries. While problems of insufficient institutions are related to adopting new rules, rent seeking, and corruption; and these problems take place in both donor and recipient countries and lead to unproductive outcomes.

Principal – agent setting is the second approach; Alessia Isopi and George Mavrotas (2009) explored determinants of aid allocation and found out that some donors allocate aid for the poorest and others according to the performance of recipient. In addition, the authors investigated policy coherence in donor country and whether donors adopt aid policy corresponded with trade policy.

On the other side, African intellectuals have tackled aid effectiveness with the ultimate goal of ending aid therefore the point of departure is redefining the concept of development. Samir Amin (2009) one of dependency theorists argues that to end aid dependency, African countries have to reorient the definition and indicators of development. First Amin questions the legitimacy of international institutions that governed aid disbursements from the North to the South, namely the OECD, the EU, the WB as they represent donor countries he described them 'tried states' as they share same liberal globalization economically and politically and that mirrored in their aid agenda. Therefore, he believes that the UN General Assembly is the legitimate organ to formulate and monitor aid relations. On the other side, Amin criticized two trends in the international aid discourse: aid volume and aid performance. Regarding aid volume; Amin argues that global aid should be transferred according to the 'capacity of absorption' not the 'political objectives' of donors. Moreover, aid volume should be measured based on the effectiveness of development strategies that aim to decrease received amount; accordingly, he calls for abandoning the debate of increasing international commitment of aid volume from 0.7% to 1% of GNI. Concerning aid performance, Amin suggests that it has to be evaluated not only by the indicators of growth; employment and the production system but by 'aid ability of its own redundancy' as well. Therefore, he described the indicators were set in the Paris Declaration as *'a jungle of 12 (illegible) performance matrices and a rating system*

inspired by the used for the solvability of banks. This procedure is no doubt attractive to bureaucrats but it is certainly useless for the rest of us' (p. 62).

The African scholar Yash Tandon (2009) argues in his book 'Ending Aid Dependence' that development not aid is the core concept that recipient countries have to define it. He defined development as a combine of social factor and democratic factor with exclusion of imperial factor. In this regard, Tandon is inspired by Nyerere's approach that is built on participating of all national segments in the society; in addition to self reliance. According to this definition, terms of growth and wealth are not components in development. Tandon identifies five causes of aid dependency: 1) the structure of international system that has gone from colonial powers and colonies then developed and developing countries and the international organizations support this dichotomy. 2) Everlasting financial and social impediments in African countries limit their ability to reproduce alternative development resources. 3) aid readiness, acquiring aid disbursements is easier than mobilizing national resources. 4) 'A psychology of aid dependency' in the South is combined with weak and corrupted institutions and absence of leadership. 5) In the situation of refusing aid by the South leaders, they have been blamed by donors and media that they are working against national interest in eradicating poverty.

However, Tim Murithi (2009) believes that international aid architecture is the second face of colonization because it is built on liberal economic policies as a result it is used to *manipulate, control and coerce the recipient into fulfilling the donor's agenda'* (p.3). On the other side, Murithi blames political elite in African countries because they became 'addicted to donors fund' gradually governments have not been able to operate their functions in development planning and resources allocation due to corruption.

Furthermore, Murithi criticized donors' discourses regarding the notion of aid effectiveness, he argues that this notion focuses on procedures and discards the real function of aid which is achieving impact. Also attaining MDGs by 2015 is not a reachable goal because poverty indicators and statistics still show the miserable reality of African population.

The second category of literature undertakes aid harmonization separately; it examines problems that occurred due to aid fragmentation. Maija Halonen-Akatwijuka (2004) explained causes of coordination failure; they argued that when donors have similar preferences, coordination would be deterred because they direct their disbursements to the same sectors. In addition, asymmetries of information among donors themselves lead to concentrate aid allocation on one sector and lower priority sectors do not get disbursements; on the other hand, donors prefer to direct aid to social sector not public expenditure due to seeking visibility.

Aid proliferation is another cause of fragmentation; Iñaki Aldasoro. et al., (2009) argued that the most of donors on real field do not implement aid concentration to ultimate aid outcomes though they declared their commitment to aid effectiveness. Through empirical investigation, authors found that few donors specialize in certain sector and decrease its proliferation thus they concluded that it is difficult to apply coordination. To limit aid proliferation; Jacky Amprou. et al. (2005) argued that donors have to select recipient countries. Authors demonstrate various types of criteria to select and limit proliferation corresponding with objectives of aid allocation (ex. alleviate poverty, economic growth, democracy and human rights); indeed, characteristics of recipient (its economic vulnerability, status of conflict) could be determinants of selectivity. They concluded that donors have to agree on common criteria of selectivity besides the criteria of each donor; where donors should share

their criteria to ensure better aid allocation. While Arnab Acharya et al. (2006) focused on the problem of transactions costs; they argued that increasing aid proliferation leads to increase transactions costs. They explored determinants of aid allocation or allocation pattern of major donors and they developed index to measure proliferation. They found that aid proliferation increased transactions because each project needs separate negotiations and tools of management such as financial arrangements, phases of monitoring, and indirect costs. On the other hand, expenditures of activities such as training and lack of responsibility of recipients cause transaction costs.

Yutaka Arimoto and Hisaki Kono (2009) shed the light on recurrent costs as another problem of aid fragmentation, as they argued that less proliferation have positive impacts on development because donors specify aid allocation and that will decrease recurrent cost for recipient country but what happened in the reality that donors allocate aid and recurrent cost separately. Authors recommended that donors have to allocate aid to national budget to reduce aid ineffectiveness.

Though the mainstream of literature on aid effectiveness argues for the importance of aid harmonization, some scholars claimed that coordination among donors makes aid outcome unproductive. Karl R. Pedersen (2001) and Gaute Torsvik (2005) argued that though donors aim to alleviate poverty, aid flows in cooperative way might lead to counter results and lead to more poverty. Their explanation is that recipient countries depend heavily on donors, who "crowdedly" support poor and they carry out activities that eradicate poverty while recipient countries do less effort to overcome poverty so the domestic policies would not work effectively. Pedersen argues that applying conditionality could not prevent recipient from this behavior because "altruistic" donor do not intervene in domestic policies and in distribution of income in particular.

Accordingly, author concluded that it is important to reconsider incentives of recipient countries. On the contrary, Torsvik argued that conditions might be a good solution and he urged that donors should enforce contingent aid contracts as the relation between donor and recipient is a principal – agent relation.

Statement of Need

From the above-mentioned literature review, it is clear that scholars handled causes of aid fragmentation separately; not through comprehensive analysis because the most of the studies are empirical and the unit of analysis is aid agency. Furthermore, the most of studies that conducted in the BWIs and in the West have considered the eight goals of the millennium are the only indicators of development. So scholars have tackled aid effectiveness from this scope though they believe that the needs and milieu of poor countries are different and countries require various types and scopes of intervention. On the contrary, African scholars do not consider the concept of aid effectiveness because they argue for aid independency. Therefore, they have refuted the definition and measures of development that evolved by BWIs. Moreover, there are limited analytical studies that investigated the role of the recipient in aid management. Accordingly, the thesis will start from identifying boundaries of the concept of harmonization, then it will explore motives of aid harmonization and the country's aid policy will be the unit of analysis; also this study aspires to investigate how the capacity of recipient countries affects the degree of harmonization.

Theoretical Framework

There are various reasons to explain why donors allocate aid to developing countries; the architecture of foreign aid became a determinant of aid allocation policy with the beginning of the third millennium and the thesis will focus on this determinant.

Regarding donors' motives, Mark McGillivray et al. (2002) determined three major motives: political, commercial and development. Their empirical study that investigated the behavior of four donors (France, U.K, USA, and Japan) from 1977 to 1997 showed that political and economic interests not development needs compelled donors' aid policy. Riddell,R. (2007) added five motives: emergency, solidarity, historical ties, providing public good and promoting human rights. Javed Younas (2008) Kim Richard Nossal (1988) also mentioned in their studies those motives. While Dane Rowlands and Ian Ketcheson (2002) in discussing Canadian aid policy; they stated that altruism, bureaucratic influence, responsive of recipient country affect donor aid allocation policy. What is important in their study that they adopted the systemic determinant "*that looks at the role other donors plays in shaping ODA policy, either through the sharing of information, strategic competition, or the outright coordination of aid flows*" (P.29).

Concerning the rise of architecture of foreign aid as a determinant of aid allocation, it could be noted that there is a consensus in aid literature on the substantial change in aid structure. Rosalind Eyben et al. (2004) and J.Brian Atwood (2011) used the term of "the Millennium Aid Consensus" which aims to eradicate multi-dimensional poverty through adopting principles of ownership, coordination, and a comprehensive global policy to eradicate poverty. Stijn Claessens et al. (2007) in their empirical study on aid policies of 22 donors and 147 recipient countries from 1970 till 2004, they claimed that there was a significant change in aid architecture after the end of the cold war; as donors directed their disbursements for development goals mainly to improve economic conditions through debt relief and implementing poverty reduction strategy. David Dollar and Victoria Levin (2006) also concluded from their empirical study that donors after the end of the cold war directed their aid disbursements to

selected countries that adopted democratic policies. Alastair Fraser and Lindsay Whitfield. (2009) also affirmed that new aid era is built on poverty reduction objective though they did not think that partnership and ownership principals are totally embedded in aid policies.

This clear claim in aid literature is combined by global initiatives trying to guarantee aid effectiveness; the Paris Declaration in 2005 was followed by Accra Agenda for Action (AAA) in 2008; the World Bank released in 2009 the Legal Harmonization Initiative (LHI) to provide donors and recipients with legal tools to harmonize their policies and OECD established "The Working Party on Aid Effectiveness (WP-EFF)" to monitor donor practices and their commitments to Paris principals. All those initiatives have set indicators to measure donors' commitments.

Regarding aid harmonization, Paris declaration set three indicators: 1- establishing common arrangement in planning, managing, delivering aid; 2- simplifying procedures and 3- sharing information for transparency (Paul Balogun, 2005).

Paolo de Renzio et al.(2005) measured harmonization through incentives; he mentioned three different contexts of incentives: 1- within aid agency; 2- among aid agencies 3- and between donor and partner government. Then he determined three levels of incentives: political; institutional; and individual incentives.

Based on literature review, I noted that the majority of studies are empirical studies and tackle aid harmonization on micro level "aid agency" as authors demonstrated how the institutional aspects might foster or hinder aid coordination. Therefore, I argue that the aid policies that drawn by donor governments play a major role in determining the degree of harmonization so I will use "state" as the unit of analysis not aid agency as demonstrated in the most of literature. Furthermore, I argue that

dynamics of aid architecture is an important incentive of donor countries to allocate aid. Accordingly, I will use the framework that is developed by Arne Disch (1999) that assesses aid coordination by four dimensions:

- Degrees of Coordination; it measures the degree of the donor's commitment; which is categorized in three sub level:
 - Consultation: this is the minimum level of coordination as donors just share information
 - Cooperation: this is a higher level, and usually is applied in emergency level as donors harmonize their policies.
 - Collaboration: the highest level of coordination when they develop a commitment on the field with what they agreed regarding procedures.
- Content of Coordination: there are three types of coordination:
 - Coordination on policies, principles and priorities; here donors build consensus on their aid activities.
 - Coordination on procedures; donors agree on procedures of aid delivery on the financial scale (ex. accounting and auditing) and the political scale (ex. policy dialogue).
 - Coordination on practices; when donor agencies share information and experiences on the field of work.
- Geographic/Regional Coordination when donor countries divide their activities (division of labor) within geographic areas.
- Functional Coordination when each donor provides its aid to sector that it has advantage in it.

Disch applied this framework on Norwegian aid policies; I urge this is an appropriate framework to measure the scope and degree of harmonization between U.K and

Denmark towards Ghana and Tanzania; because, it focuses on donors' policies not technical procedures in aid agencies.

Hypotheses

The argument of the thesis is based on two hypotheses:

- The foreign aid architecture became a main determinant of aid harmonization.
- Policies and the capacity of recipient countries might affect the scope and degree of aid harmonization.

Method of the Research

A. Specify countries selection

United Kingdom and Denmark are selected as donors, where I shall investigate their aid policies regarding harmonization. It's worth to mention that aid policies of both donors have developed differently in terms of history, institution and objectives; U.K unlike Denmark has historical ties with most of the countries in the African continent as a colonial power. Since 1997 the U.K has declared that aid policy would target poverty reduction (Owen Barder, 2006). However, Danish development aid assistances started in 1971 and motivated by being a welfare state that has a moral obligation towards poor countries (Lars Engberg-Pedersen, 2009).

On the other hand, Denmark achieved the international commitment of allocating 0.7% of total GNI in 1985 (Lars Engberg-Pedersen, 2009); while U.K in 2010 claimed that it aims to meet this target by 2013 (DFID website).

However; both of U.K and Denmark has visions regarding aid harmonization and both have released various initiatives and white papers in order to ensure aid

effectiveness. Furthermore, U.K and Denmark are among 10 top donors for Ghana and Tanzania in the last 5 years (OECD/DAC database, aidflows website).

Regarding recipient countries; Tanzania and Ghana was colonized by Britain; both of them were ruled by national leaders (Julius Nyerere and Kwame Nkrumah, respectively) who were against Western intervention in the African countries and had a comprehensive development vision; however, their development plans failed because of various reasons and economic dysfunctions in the seventies which pushed these political regimes at that time to depend on foreign assistances. Ghana and Tanzania achieved significant growth after adopting structural adjustment programs; Benno J. Ndulu et al. (2007) stated that they were among top reformist countries from 1995 to 2004.

In Tanzania and Ghana, the percentage of net Official Development Assistances (ODA) has been over 30 per capita since 2000 and it reached to 66% in 2009 (OECD/DAC database, 2011)

The relation between Tanzania and donors faced a challenge in 1990 and as a result of that; Tanzania restructured in 1995 its relation with donors on basis of ownership (Fraser, 2008). Consequently, Tanzania was the first African country that adopted partnership principles and I argue that this experience might affect the degree of harmonization. On the other side, Ghanaian government declared that it aims to be a middle income country and less dependent on foreign aid by 2015. (Ghana Joint Assistance Strategy, 2007).

B. Specify kinds of data:

The study concentrates on ODA or government-to-government aid. My analysis will depend on gross ODA disbursements that aggregated OECD. Additionally, I will use global and regional initiatives on aid harmonization besides white papers released by donors and reports conducted by recipient countries.

Regarding the timeframe, it will focus on the time frame determined by Paris Declaration starting by 2005 and targeting the year of 2010 to attain the five partnership commitments. Nevertheless, the study will explore aid policies of donor and recipient countries before 2005 to investigate the change before and after Paris Declaration.

Thesis Outline

The thesis will divide into three chapters:

- The first chapter will illustrate the development of the notion of harmonization by examining international and regional declarations.
- The second chapter will demonstrate aid policies including harmonization of the UK and Denmark in addition to their strategy to Africa.
- The third chapter will discuss development strategies of Tanzania and Ghana and their management of aid disbursements

CHAPTER I

AID EFFECTIVENESS: INTERNATIONAL AND REGIONAL SCOPES

This chapter will demonstrate firstly the change in aid architecture, when the economic and political conditionality was the fundamental determinant of aid allocation then in the third millennium aid is allocated according to the principle of partnership. After that the chapter will explore the principle of harmonization in the international and regional declarations.

1.1 Foreign aid from conditionality to partnership

Aid architecture has undergone two major changes since the institutionalization of the flow of foreign aid after the Second World War. The first change occurred when BWIs and donor agencies applied aid conditionality through Structure Adjustment Programs (SAPs) in the 1980s. The second change appeared in the beginning of the third millennium when BWIs adopted the notion of partnership in their development policies. Donor agencies and BWIs have justified these changes by seeking economic progress in poor countries and aid effectiveness but in reality these changes were a direct response to economic crises accompanied by changes in ideology and premises of donors.

1.1.1. The first change: Structure Adjustment Programs (SAPs)

Before implementing Structure Adjustment Programs in the 1980s, the international economy was challenged by a couple of turmoil changes. First; the oil price shocks that took place in 1973 and 1979, where the increment of oil prices realized an increase in commodity prices that in turn escalated external debt of poor countries (Graham Harrison, 2004 & Howard Stein, 2008). Second, which is more important, is

the dollar devolution. This factor had a major reflect on the international economy. Initially, the collapse of fixed exchange rates system, companied with the excessive fluctuation in IMF monetary policies that aimed to maintain exchange rates and balance of payments of its member countries in a stable form. Moreover; this was followed by the upraise of interest rates that stimulated a recession in the international economy (Harrison, 2004 & Alastair Fraser, 2009.)

These economic changes coincided with the change in the role of the state. As after the dominance of the United States of America on the international economic dynamics upon the dollar devolution besides Margaret Thatcher (1979-1990) and Ronald Regan (1981-1989) policies, Western countries adopted the legacy of minimal state intervention in development process to cope up with neoliberal policies (Roland Rich, 2004) and abandoned the state-led economy approach. Therefore; these economic and political changes endorsed neoliberalism that emphasize on stabilization through trade liberalization, privatization and minimal state intervention to achieve growth and development.

Consequently; BWIs formulated Structure Adjustment Programs (SAPs) drawn from the neoliberal polices to manage dept crisis in developing countries stimulated from peck of oil prices and recession in donor countries. Meanwhile, the World Bank in particular proclaimed aid inflow would be on condition that recipients would apply neoliberal policies: cut public expenditures, raise interest rate, reduce trade barriers and tariffs, and privatization (John Pender, 2001 &Asad Ismi, 2004). Robert McNamara the president of World Bank Group stated in his speech in 1979 *“In order to benefit fully from an improved trade environment the developing countries will need to carry out structural adjustments favoring their export sectors. I would urge that the international community consider sympathetically the possibility of additional*

assistance to developing countries that undertake the needed structural adjustment for export promotion in line with their long-term comparative advantages” (quoted from Stein, 2008, p.31). Additionally; the World Bank published a report entitled "Accelerated Development in Sub-Saharan Africa: An agenda for action" in 1981, which is known "Berg Report". This report pointed out that the cause of poor performance of African economy - though they received large amounts of aid - is the unsound policies in some sectors and the economy as a whole. Therefore the report asked the donors' agencies to transfer aid to African countries which applied real economic and sector reforms.

Additionally, political conditionality was applied in the 1990s as a respond to change in the international system after the collapse of the Soviet Union and its consequences. Therefore, Western countries imposed political conditionality (implementing democratic and human rights procedures) to counter the political instability in Eastern Europe and civil wars that erupted in developing countries (Thomas Carothers, 1999& Elling Tjonneland, 1998).

1.1.2. The second change: participatory approach

Since the beginning of the third millennium, BWIs have been advocating for partnership and ownership as core concepts to achieve growth and development. Hence; they asserted that aid delivery should be dependent on these concepts. In reality; the notion of partnership was adopted after the failure of SAPs and the eruption of debt crisis in developing countries that applied neo liberal policies. Furthermore; the success of East Asian countries questioned the legacy of minimal state intervention in the development process.

The prescription of BWIs neither has achieved growth nor stability in developing countries that implemented SAPs. Asad Ismi (2004) asserted in the report "Impoverishing a Continent: The World Bank and the IMF in Africa" deadly impacts of SAPs in Sub Saharan Africa. He pointed out that during the 1980s GDP cut down by 15% and per capita income felled by 25% where people living below the poverty line exceeded half of Africa's population. Moreover, external debt increased by more than 500% as 33 of the countries that applied SAPs became heavily indebted countries. Furthermore; Mexico, which adopted neoliberal polices and then it was considered one of the successful stories became heavily an indebted country and faced the threat of bankrupt (Pender, 2001).

Beside the economic setbacks in developing countries after implementing SAPs, East Asian countries appeared as a miracle in achieving development (Pender, 2001). The state in East Asian countries played an interventionist role and public sector was an engine of the development process. This successful role of state to achieve growth and development pushed the World Bank to retreat the Western premise regarding the role of state. In 1997 the World Bank published its annual report under the title of "The State in Changing World". In this report the World Bank affirmed that state plays essential role in delivering goods and services and enriching market dynamics.

The failure of foundation and policies of SAPs coincided with criticism from international agencies (Erik Thorbecke, 2000). In 1987, UNICEF published a study entitled Adjustment with Human Face. This study claimed that SAPs led to miserable impacts on the poor people because of the cut in public expenditures. So, it called for maintaining social expenditures and applying social protection policies targeting vulnerable people (David A. Smith, 1989.)

On the other hand, the Western agencies and literatures revised economic conditionality and BWIs deep intervention in developing countries that adopted SAPs. The Development Assistance Committee (DAC) of OCED claimed in their meeting on 3-4 May 1995 that '*... Development and greater interdependence require high levels of domestic effort, high standards of accountability, and a strong civil society. Open, participatory economic and political systems are increasingly important factors*' (OECD, 1996, p.19.)

Also, different literatures (Paul Collier et al, 1997, Tony Killick, 2004 & Tito Cordella and Giovanni Dell'Araccia, 2002) argued that aid conditionality have rationale objectives that could accomplish reform in developing countries. Nonetheless, the way of applying conditionality through SAPs led to the lack of ownership of recipients' countries in development planning. Paul Collier et. al concluded '*The attempt to buy policy changes actually exacerbates the problem of lack of ownership of policies on the part of the government. Without government ownership the persistence of reform may have insufficient credibility to induce a strong supply response.*' (Collier et al, 1997, p. 1406.)

To sum up, adopting aid conditionality through SAPs as a crucial strategy for poor countries to improve their economies failed to attain growth and stability; above all, it led to drastic social effects. However, ownership became the key factor to get rid of deadly impacts of SAPs.

1.1.3 The notion of partnership

Aid conditionality means using aid disbursement as incentives to recipient country to implement certain policies and that was applied via SAPs. Recipient countries have been committed to implement neoliberal policies to guarantee sustainability of aid

inflow. Ravi Kanbur (2000) elaborated that the relation between donor and recipient is "unitary entities". Accordingly; donors' agencies have intervened in formulating and implementing aided programs and projects while national needs and priorities of recipient countries have not been considered thoroughly.

On the contrary; the notion of partnership has been developed to regulate the relation between donors and recipients on the base of reciprocity. Patrick Holden (2005) defines partnership as '*a co-operative relationship based on the principles of mutuality and equality*'. According to this definition, foreign aid transactions from donors to recipients depend on mutual credibility, support and consensus on decision making and accountability.

Internationally, BWIs and donors' agencies have published several working papers, documents and declarations that reflect this shift in aid architecture from conditionality to partnership. Furthermore; they have been developing criteria and procedures to ensure partnership in aid allocation.

In 1996, the OECD's Development Assistance Committee (DAC), which represents major donors, published a remarkable report entitled "Shaping the 21st Century: The Contribution of Development Co-operation". Donors affirmed through that "*Sustainable development, based on integrated strategies that incorporate key economic, social, environmental and political elements, must be locally owned. The role of external partners is to help strengthen capacities in developing partner countries*" (p.13). Accordingly; donors' agencies claimed that aid inflow would direct not only to achieve economic growth but also to finance social policies. Indeed; the report pointed that paternalistic approaches would be omitted because recipients' countries would determine their development strategies. Additionally; the report

affirmed that donors would support private sector and civil society beside government as all are partners in development. Furthermore; DAC members suggested indicators to ensure the commitment of developing countries.

Subsequently, donors declared their perspective about the new aid architecture; the World Bank constructed the Comprehensive Development Framework (CDF) in 1999 which promotes the principles of ownership, cooperation among development stakeholders and transparency on development outcomes with adopting holistic long term strategy to eradicate poverty and achieve development (World Bank website, n.d.)

In 2002, the international conference on financing development was held in Monterrey city in Mexico to discuss the challenges of financing development. States and governments reached a consensus "Monterrey Consensus" with regard to the mechanisms of mobilization of both domestic and international resources for development as well as the strategies to enhance monetary and trading system. The Monterrey Consensus is considered one of the remarkable international agreement advocating for partnership. Regarding international financial and technical cooperation, it is stated that *'Effective partnerships among donors and recipients are based on the recognition of national leadership and ownership of development plans and, within that framework, sound policies and good governance at all levels are necessary to ensure ODA [Official Development Assistance] effectiveness.'* (United Nations, 2003,p.14.)

With applying partnership; BWIs created in 1999 Poverty Reduction Strategy Paper (PRSP) as a new approach through it aid will be channeled. The PRSP should be: country – driven, result – oriented, comprehensive, partnership – oriented, and long -

term strategy. And PRSPs became the reference for negotiations between donors' agencies and recipients' countries (IMF, 2012.). Further the principle of partnership was embedded in the MDGs. The 8th goal tackling global partnership in a broader manner as it includes different aspects of partnership between the 'rich' countries and the 'poor' countries. These aspects are ODA disbursements, debt relief, free trade regulations and new technology transformation. Though this goal aims to increase the opportunity of the poor countries to integrate in the international economic system, it does not reshape the relation between the poor countries and BWIs; furthermore, it tackles these aspects in a separate way for instance it does not link between endorsing free trade regulations and the effectiveness of technology transfer. On the other side, it does not differentiate between the needs of the poor countries and small and locked countries. Regarding ODA disbursements, it focuses on ODA volume and abandons the regulations to manage this volume.

1.2. International Declarations

Following these series of international conferences, donors became more focused on how to operationalize the agreed principles; therefore, specific international statements that endorse aid effectiveness per se have been declared.

1.2.1. Rome Declaration on Harmonization

In February 2003, Rome Declaration on Harmonization was signed by 28 recipient countries and 40 bilateral and multilateral donors. The declaration asserts that in order to attain MDGs with stimulating economic growth in developing countries, donors have to coordinate their disbursements and aid delivery process has to be based on country level as development projects and programs are designed according to

recipient's needs and priorities. Accordingly, donors have to underpin recipients' capabilities in drawing and implementing development policies. To obtain these objectives, the declaration set commitments on donor and recipient countries (OECD, 2003.)

What is more eminent in Rome Declaration is the principle of harmonization which is articulated in this international statement while other declarations on aid effectiveness tackle harmonization within other principles as will be explained later.

The declaration illustrates the reasons behind the need of aid coordination. From donor's side, the high transaction costs represented in the number of missions and the number of collected reviews and reports in addition to the contradiction among adopting project cycles. From recipient's side, poor financial and administrative capabilities and the contradiction of procedures required from each donor agency (OECD, 2003.)

Donor countries that signed the declaration committed to synchronize their policies and procedures through promoting delegated cooperation on country level, creating incentives for staff in the field to work in harmonized way, affording technical assistance upon recipient's demands and directing aid to sector or budget rather than projects (OECD, 2003.)

The commitment on recipient countries is to reform their financial and administrative systems to fit with donors' systems because donors apply 'international standards'. Six African countries (Ethiopia, Kenya, Morocco, Niger, Senegal and Zambia) are selected to be the first countries adopt this commitment (OECD, 2003.)

According to the commitments of Rome Deceleration, it is appeared that donors determined indecisively the degree of harmonization; it is stated in the declaration 'we will explore how such collaboration could help to ensure that new or revised policies are appropriately harmonised or “harmonisable” with those of the partner countries and donor institutions' (OECD, 2003, p.1). Further, the Declaration affirms that the next step toward aid harmonization should be taken by the recipient countries as the argument is that the recipient country has to lead donors to harmonize their implemented activities.

1.2.2 Paris Declaration on aid effectiveness

In 2005, a significant step was taken and it reflected obviously the shift in the aid architecture from conditionality to partnership; it was "Paris Declaration on Aid Effectiveness" which became a procedural framework to apply partnership notion between donors and recipients (OECD, 2005). The declaration set five "Partnership Commitments":

- 1- Ownership: Partner countries exercise effective leadership over their development policies, and strategies and co-ordinate development actions
- 2- Alignment: Donors base their overall support on partner countries' national development strategies, institutions and procedures
- 3- Harmonization: Donors' actions are more harmonized, transparent and collectively effective
- 4- Managing for Result: Managing resources and improving decision-making for results
- 5- Mutual accountability: Donors and partners are accountable for development results.

The declaration indicates to the challenges of aid effectiveness that include poor administrative capabilities of recipient governments and high rates of corruption; poor quality of national development policies; lack of predictability of aid disbursements; absence of organizational incentives for bureaucrats in recipient countries and in donor agencies and duplication and less coordination between specialized aid programs such as HIV/AIDS programs which are adopted by various donors (OECD, 2005.)

The Paris Declaration is a progressive international statement compared to Rome Declaration because it shares the causes of aid ineffectiveness and the responsibilities between donors and recipients and that apparently employs in the last commitment 'mutual accountability' as both donors and recipient countries are responsible for the results of applied development policies. Further, the sub commitments were categorized under donor commitments; partner countries 'recipient' commitments and joint commitments.

Importantly, the declaration sets twelve indicators to measure the progress in each commitment and the year of 2010 is determined to be the target line to meet the five commitments.

The Working Party on Aid Effectiveness [WP-EFF] was founded under the OECD. It includes OECD/DAC members, partner countries and multilateral institutions. The main goal of the Working Party is to monitor the performance of donor and recipient countries in achieving the commitments of aid effectiveness (OECD website, n.d.)

Regarding the third principle 'harmonization', the declaration identifies five dimensions of harmonization and under each dimension the commitments of donors and recipients are determined (OECD, 2005), they are:

- 1- Common arrangements and simplified procedures; donors are committed to adopt joint financial and project cycles and to review their reporting systems to simplify them. Further, donors have to discuss how to employ joint mission in the field and to share information and practices among each others.
- 2- Complementarily and more effective division of labor; in this dimension donors are committed to synchronize their producers; additionally, they are advised to delegate their financial and administrative leadership to the donor that has 'a comparative advantage' in the implemented program or project. Whilst the recipient country has to prepare a map of the capabilities of each donor and the best sector or program the donor is able to assist.
- 3- Incentives for collaborative behavior; bureaucrats in recipient countries and in donor agencies have to get specialized trainings and to be stimulated to underpin harmonized activities in their field functions.
- 4- Delivering effective aid in fragile states; in the case of fragile states where government institutions and state capacity to deliver public services are weak, harmonization among donor agencies are crucial to ease the complexity of financial and administrative burden on the fragile government. Therefore, donors are advised to use joint strategies and joint offices; on the other side, they are encouraged to modify the aid modalities according to the government conditions. While the fragile state has to reform its institutions and to develop national development strategy reflects its needs and priorities with promoting societal participation. Based on the pursuit of the fragile state in building the institutions and formulating the national development strategy, donors will be committed to the development priorities and will afford consultation on development planning.

- 5- Promoting a harmonised approach to the environmental assessments; donors and recipient countries are committed jointly to share techniques and information of environmental impact assessment (EIA). According to the progress achieved in the environment field, harmonization will be extended to other cross cutting aspects such as gender equality.

Among the twelve indicators, two indicators are set to measure the performance of donors not recipient countries toward harmonization, these indicators are:

- 1- Use of common arrangements or procedures: donor has to allocate 66% of its aid flows to programs not projects by 2010.
- 2- Encourage shared analysis: donors have to arrange 40% of its mission to be joint missions and 66% of reviews and documents about the conditions of the recipient country have to be prepared jointly.

Indeed, the principle of harmonization is embedded in the other four principles; in the first principle ownership, the recipient country is supposed to take the lead of coordination among national actors in preparing the development strategy and among donors. In the principle of alignment, donors are advised to coordinate the style of aid allocation if the recipient procurement system is inadequate. Regarding the principle of managing for results, donors are supposed to harmonize their monitoring and evaluation systems while in the mutual accountability, donors have to share information on their aid flows (OECD, 2005.)

It is appeared that the scope of harmonization as tackled in Paris declaration has been broadened to include cases of fragile states and specific development themes such as environment. Though the declaration determines a set of indicators to guarantee the commitments of donor and recipient countries, the language of indicators are flexible

for example; in the dimension of delegation, the commitment is stated with using the phrase of 'where appropriate'; further, the same language is used in defining the methodology of measuring the indicators, it indicates that 'In measuring individual donor performance, the indicators should be applied with flexibility in the recognition that donors have different institutional mandates.' (OECD, 2005, P.13.)

Two monitoring surveys were conducted in 2006 and 2008 to assess the performance of donors and recipient countries toward the 12 indicators stated in Paris declaration. The surveys shows that notable progress has achieved in the aspects of using of untied aid though tied aid concentrates in technical and food aid and increasing the allocation of disbursements to the national budget and that action has been noted in the health sector. Nonetheless, conditionality has not been diminished. On the other side, some recipient countries have retained its ownership for development planning and implementation and have pushed donor agencies to be aligned toward national development needs and priorities (OECD 2006; 2008a.)

The performance regarding the two indicators on harmonization shows that donors' commitment to use program - based approaches in delivering aid is modest as 46% of aid inflows has allocated to programs in 2007 while the target is 66% by 2010. In the second indicator, the survey finds that only 20% of missions are joint missions while the target is 40% by 2010 and 43% of joint reviews and documents have been prepared and the target is 66% (OECD, 2008a.)

According to the quite progress toward the commitments of harmonization, the surveys identify the challenges that have encumbered the progress. From donor perspectives, the challenges are: the poor capability (time and resources) of staff in the field mission to promote harmonized activities with other missions and the need to

conceive the achievements of aid agency to the public opinion and political actors. While some recipient countries have not employed the principle of ownership and they have designed development plans without considering the comparative advantage of each donor (OECD, 2008a.)

Regardless of the findings of the monitoring surveys, some requirements became visible through implementations. These requirements include the role of political leadership in both donor and recipient countries to convince citizens, the government bureaucrats; parliamentarians and civil society with the essence of partnership and the utilities of adopting Paris principles (OECD, 2008a.)

1.2.3 Accra Agenda

To overcome the impediments that emerged after Paris Declaration, donor and recipient countries held the Third High Level Forum on Aid Effectiveness in September 2008 in Accra, Ghana to reaffirm on the commitments of Paris Declaration that have been vigorously challenged by severe global economic crises essentially the boom of food and fuel prices and the climate change and the impacts of such global crises on attaining MDGs. The meeting resulted in Accra Agenda on Aid Effectiveness. The agenda describes the progress toward Paris commitments 'too slow' progress; therefore, it revisits the key principles; ownership and partnership and explores how to conceive development achievements without abandoning aid effectiveness' commitments (OECD, 2008b.)

Concerning the principle of country ownership; the Accra Agenda illustrates how the recipient country could develop its national strategy with the inclusion of all national stakeholders such as parliamentarians, local governments, private sector, civil society and media in formulating the national development strategy. The agenda indicates in

this respect that if the capabilities of the recipient government impede to establish such national dialogue, the government has to determine accurately the areas of weakness in its institutions and accordingly donors are supposed to afford technical assistances to improve the performance of institutions. On the other side; donors are committed to use country system in managing aid disbursements. The Agenda also illustrates that if the donor country has used its financial system or created parallel institutions to avoid weak institutions; in that case the donor has to justify this behavior and to assist recipient country to reform its institutions and regulation as well (OECD, 2008b.)

In revisiting the principle of partnership, 'Inclusive partnership' is used for the first time. It means that new comers to aid architecture mainly developing countries, private enterprises and civil society organizations have to be committed to this principles that constitutes the essence of aid effectiveness. Indeed, the agenda refers apparently to the benefits of South - South cooperation and the crucial role of multilateral organizations (OECD, 2008b.)

Moreover, the Agenda advises to reduce the duplication and to utilize the existing organizations rather than establishing new ones. In this regard the agenda indicates to the progress in using untied aid and it promotes recipient countries to use products manufactured by national or regional enterprises in implemented projects (OECD, 2008b.)

The Agenda discusses the feasibility of development projects; it explains that to persuade citizens in recipient countries and taxpayers in donor countries with the impact of development aid, transparency and regular reviews have to be embedded in

the process of implementing development projects. In this regard, mutual assessment is important to reach feasible deliverables (OECD, 2008b.)

Harmonization has no specific room in Accra agenda though the monitoring surveys show poor progress in the indicators of harmonization. However, the Agenda reaffirms on allocating aid disbursements to programs and determines the role of recipient countries and donors to apply the division of labor; the recipient country has to introduce the role of each donor based on national priorities and the donor on the other side has to disseminate its comparative advantages and best practices to facilitate division of labor. Accordingly, Accra agenda has not added evident dimension on the principle of harmonization.

1.2.4 The Busan Partnership for Effective Development Cooperation

With reaching the target year 2010, a monitoring survey was conducted with participation of large number of recipient and donor countries compared to previous surveys. The survey shows that the performance of recipient countries in general have been better than donors and the coordination among donors in technical aid to improve the capability of recipient government has been provided according to supply driven approach. While quite progress has been achieved in using country financial and administrative systems indeed the government to government aid has not been the mainstream of aid modality (OECD, 2011a.)

Regarding harmonization, using common procedures and documents has not been the mainstream; further, sharing the budget planning with the recipient countries has not been consolidated. As a result aid is still fragment and less predictable (OECD, 2011a.)

The Fourth High Level Forum on Aid Effectiveness was held in 2011 in Busan in South Korea to reassess the performance of donors and recipients countries. This forum introduces a substantial change in the aid architecture on three aspects. The first aspect is the shift from aid effectiveness to development effectiveness; the second aspect is the expansion of the notion of partnership on the international and national levels and the third aspect is the formulation of a structure to monitor the performance of actors.

Regarding the first aspect, the transformation from aid effectiveness to development effectiveness is driven by the need to attain the MDGs in 2015 in addition to foster the economic growth of poor countries to sustain development. For that reason, job creation, women rights, environment and other development themes are embedded in the forum's discourse and the development policy coherence became a significant term. In this respect, official development aid has been tackled as one resource that complements other development resources such as investment and trade (BUSAN Partnership for Effective Development Cooperation, 2011). Through this change, the global debate has returned back to square one to the Monterrey consensus in 2000 when development aid was discussed within other resources.

The second change is related to the notion of partnership; the new scope of partnership is defined as '*the Partnership would adopt a multi-track approach, where on the one hand, commitments agreed in Paris and Accra would continue to be implemented and relevant parties would be held accountable for implementing the unfinished aid effectiveness agenda, and on the other hand, the broad Partnership would jointly implement commitments agreed in Busan*' (WP-EFF, 2011, p. 6.). In addition to the commitment to attain partnership facets as identified in the indicators

of Paris declaration, the notion practically is broaden to include new donors besides the traditional donors represented in DAC committee. Those donors are developing countries that have achieved notable development through adopting their development prescript and China, India, Brazil are the main new donors. Furthermore, the new global partnership claims the role of South – South cooperation in encountering economic growth and development. Apparently, the new orientation of partnership is built on 'triangulation cooperation' as various resources of funding are welcomed to participate in the new aid architecture (BUSAN Partnership for Effective Development Cooperation, 2011.)

On national level, 'country level' instead of ' government' became the core unit in handling the principle of ownership. Societal participation and private sectors have to be rigorously integrated in formulating and implementing the national development strategies. In view of that, the development priorities and other action plans about the role of donors that prepared by the recipient government have to be discussed first with all economic and social actors so that the implementation of national development strategies could be easier because of the consensus on them (BUSAN Partnership for Effective Development Cooperation, 2011.).

The third change is about the structure of the 'Global Partnership for Effective Development Cooperation (GPEDC)'. This change could be considered a progressive step because the commitments of Paris Declaration are monitored in casual way by the Working Party on Aid Effectiveness under the OECD. The Working Party's main task is to conduct surveys to evaluate the performance and not all donor and recipient countries have participated in those surveys. Therefore creating well identified structure is a step forward to pledge the agreed principles. The main functions of the new structure are: 1) endorsing political commitment to effective development

cooperation; 2) regulating the monitoring and evaluation processes; 3) sharing knowledge and information among actors and 4) underpinning the commitment of national stakeholders to Busan principles (WP- EFF, 2012a.)

Though the new structure has not been set yet, ten donor and recipient countries and organizations were assigned to propose the scope and functions of the new structure, African countries have been represented in this group by Rwanda and the South African besides the African Union. The proposed structure consists of three bodies: the Council will represent the ministers of countries that adopted Busan Outcome Document and the civil society organizations will be able to participate in the council's meetings. The council will provide the political promise to the global partnership and it will discuss the raising issues on development cooperation. The second body is the Steering Committee that aims to spread the policies and needs of partnership in the international fora such as G20, UN and Rio+20 and to ensure the implementation of agreed principles on the country level. Various forms of membership are proposed; the narrow formulation will include representatives of traditional donors; new donors and recipient countries while the broad formulation will make the membership open for donor and recipient countries in addition to representatives from private sectors; parliamentarians and civil society organizations. The Secretariat will be formed from OECD/DAC and UNDP due to their experiences in collecting, disseminating data on the performance and the best practices of development partners (Global Partnership for Effective Development Cooperation, 2012.)

One of proposed ideas regarding the structure of the new global Partnership is Block that will work as a pressure group. It includes various actors who are interested in a certain issue in development cooperation. During meetings, different blocks were

formed such as a block on the fragile state, block on South - South cooperation and a block on public private cooperation. There is a consensus in Busan on not to institutionalize the emerging blocks so that they could handle their issues easier (WPEFF, 2012b.)

Concerning the principle of harmonization, it has not had a distinct dimension in Busan forum; however, there has been a conformation on the magnitude of sharing updated and comprehensive information about the type of funds. Furthermore, donors are committed to disseminate their expected aid disbursements for 3 or 5 years in advance so that recipient countries or organizations can plan their budget efficiently; additionally, donors are committed to increase their joint missions; delegate their financial or administrative authorities to the appropriate donor and to decrease the number of parallel units and to use the global units to manage their disbursements (BUSAN Partnership for Effective Development Cooperation, 201.)

UNDP, EU, Overseas Development Institute, Germany, Uganda and Honduras formed 'Busan Building Block on Managing Diversity and Reducing Fragmentation'. They aim to enhance harmonization through limiting fragmentation and proliferation and to assist recipient countries to open other channels of development funds. The members in the block agreed that there are different approaches and tools to reduce fragmentation and to ensure ownership such as joint programming, division of labor, and delegated cooperation. On the other side, they advised that recipient countries have to develop their systems in collecting data to be more accurate in order to help donor countries in planning their harmonized actions. Furthermore, they claimed that the recipient country has the right to choose its donors (The Fourth High-Level Forum on Aid Effectiveness, 2011).

This part discusses the principle of harmonization as tackled in the international level. It shows how this principle has been the core of the first international declaration on aid effectiveness Rome Declaration and then in Paris declaration the indicators were developed to assess the performance of donors. While the Accra agenda and The New Global Partnership that will replace Paris Declaration have not emphasized on the principle and indicates to its dimensions when discussing the notions of ownership and partnership. What more important in Paris Declaration is the scope of harmonization was broaden to include financial, bureaucratic and policy harmonization.

1.3. Regional Policies on Aid Harmonization

This part will discuss the views of the regional organizations on aid effectiveness and the principle of harmonization in particular. It will differentiate between the perspective of donor organization represented in the EU, where the U.K and Denmark have its membership, and the AU's perspective that represents Ghana and Tanzania.

1.3.1. The EU Policies

The EU endorsed in the Maastricht Treaty in 1993 the scope of development cooperation. It is built on three main principles: Coordination, Complementarity and Coherence (3Cs). Coordination indicates to the cooperation among member states to avoid high transaction costs; while the principle of complementarity aims to limit duplication among European community and member states in allocating development aid and coherence aims to employ consistency of implemented activities in the field or in the adopted policy (Paul Hoebink, 2004.)

In 2006 a leading declaration "The European Consensus on Development" is adopted. This declaration is considered the European manifesto on aid effectiveness. The Development cooperation in the Consensus is defined as 'a shared competence between the European Community and the Member States. Community policy in the sphere of development cooperation shall be complementary to the policies pursued by the Member States' (European Parliament, Council and Commission, 2006, p. 1). Based on this definition of development cooperation, it is a narrow definition as it limits cooperation between the European community that includes the Council, the European Commission and the European Parliament and the member states. Then according to the comparative advantage of each member state and the European community, EU manages its aid disbursements to the outside developing countries.

The consensus identified four sets of principles that guide the allocation of European aid. The first group of principles is about endorsing ownership and partnership in addition to alignment to national development strategies. Despite the alignment to national priorities, the European community and member states are committed to underpin the role of civil society organizations in formulating and implementing national development policies; additionally, there is an emphasis on women participation in national policies. Politically, the European Community is committed to intervene in the fragile states and to assist them in building the capacity of weak governments. Indeed, the consensus anchors the importance of political dialogue among member states and the community in order to share their perspectives and practices on development issues such as human rights and illegal migration. (European Parliament, Council and Commission, 2006.)

The second set of principles 'Delivering more and better aid' reaffirms the commitment to increase the aid flows of member states to constitute 0.7% of GNI by 2015. Meeting this commitment is coincided with the performance of recipient countries and the degree of transparency in managing the received aid. Harmonization has been underpinned in this set of principle as it claims the commitment to the international principles on aid effectiveness. According to the consensus, different aid modalities (project aid; sector or general budget support and humanitarian aid) are complementary; however, it indicates that the better practice is sector or general budget support. Concerning the managing of aid predictability and decreasing untied aid, European members and community are guided by OECD recommendations. Furthermore, the European community is committed to encourage its members to allocate their aid via joint multiannual programming and joint missions and to share the analysis documents. What is important, the European community is committed to direct 50% of its aid to the recipient government using its financial and administrative systems and to decrease the uncoordinated missions by 50%. Finally the consensus affirms that the recipient country genuinely has to lead donor coordination (European Parliament, Council and Commission, 2006.)

The third set of principles 'Policy Coherence for development (PCD)' focuses on the importance of complementing among development trends and resources. European community and members have to coordinate their trade, investment, migration and agriculture policies (European Parliament, Council and Commission, 2006.)

The last set of principles is about facing global challenges that reflect in severe dimensions of poverty. The consensus advocates concentrating aid disbursements in areas of poverty without abandoning the principles of ownership and alignment (European Parliament, Council and Commission, 2006.)

To operationalize the 3Cs and the Development Consensus, EU endorsed in 2007 the Code of Conduct on Complementarity and Division of Labor in Development Policy. This code sets guidelines for member states to ensure aid effectiveness in terms of principles of Paris Declaration (Council of the European Union, 2007). It includes:

- Concentrate on a limited number of sectors in-country to reduce transaction costs and channel aid to budget support.
- Redeployment for other in-country activities.
- Lead donor arrangement.
- Delegated cooperation.
- Ensure an adequate donor support.
- Replicate practices at regional level.
- Establish priority countries.
- Analyze and expand areas of strength.
- Pursue progress on other dimensions of complementarity

Apparently, this code includes various aspects that limited aid fragmentation by applying delegation and lead donor mechanism; recipient selectivity and sector and budget support.

Furthermore; the EU recommends providing aid by preparing multiannual programming that responds better to recipients' development priorities and attains complementary policies. In addition, it adopted the Joint Assistance Strategies and EU-dialogue as mechanisms to coordinate areas of activity and avoiding duplication (Council of the European Union, 2007). In 2010, the EU adopted action plan that focuses more on the aspects of aid coordination; it determines five priorities to enhance effectiveness: use of country systems including capacity building, division of

labor, untied aid, changed conditionality and predictability and transparency (The 3Cs initiative website.)

The EU has mainly articulated the principle of harmonization within the goal of development coordination not under the goal of aid effectiveness then it has developed various guides and tools to employ this principle in the field.

1.3.2. The African policies

Since the beginning of the third millennium, African countries represented in the AU and NEPAD have tackled aid effectiveness through a series of joint meetings with donor countries and organizations. In 2003, the African Partnership Forum was founded with the aim of promoting dialogue between NEPAD and G8. The forum holds two meetings in year; the first meeting in the spring headed by a country of G8 to discuss policies and priorities of African countries; the second meeting in the autumn headed by an African country and to monitor and evaluate the implementations (African Partnership Forum website). In 2010, The Tunis Consensus was declared to represent the African view toward aid effectiveness, African countries and institutions advocate for development effectiveness rather than focusing on aid. This view is driven by the attainment of independence. Therefore, the consensus invokes the pivotal role of state in development and magnetizing the alternative resources to finance development. The consensus determined six areas to endorse development effectiveness, they are stated as following:

- 1- Building a capable state to be able to implement development strategies.
- 2- Developing democratic accountability to share responsibilities between the government and development stakeholders.

- 3- Promoting South-South cooperation to create alternative resources for development and growth and to foster continental integration.
- 4- Thinking and acting regionally to allocate development aid to transboundary projects to accelerate regional integration.
- 5- Embracing new development partners to benefit from development experiences of the other developing countries such as India, Brazil and China and this potential cooperation will be built on transparency and mutual benefits.
- 6- Outgrowing aid dependence to increase local resources through reform tax systems and search for alternatives to finance development plans.

According to the Tunis Consensus, African countries reiterate aid independency through improving state capacity so that it can mobilize other revenues internally and externally to implement the development plans. Additionally, African countries sought to underpin the regional integration and the South - South cooperation; in this regard, the consensus criticizes Paris Declaration because it focuses on the effectiveness of bilateral aid and omits aid disbursements to regional investments and projects. As well, the consensus criticizes the degree of commitment of donor agencies to employ country financial and administrative systems as donor agencies put conditions to use national system and ask recipient country to apply international standards and to abandon the national dynamics. (The Tunis Consensus, 2010.)

Following up the consensus, in 2010, NEPAD and African Union established the 'Africa Platform for Development Effectiveness (APDev)' with partnership of UNDP, WB, GIZ, AfDB, and The Institute for Security of Studies (ISS). It is a website for sharing information, learned lessons and best practices in the fields of designing development policies and employing principles of ownership and regional integration (African Partnership Forum website.)

Concerning the new global partnership, African countries with other recipient countries stated a position paper representing Partner Countries' visions and priorities for discussion at the High Level Forum 4 (HLF4) in Busan before holding the summit in 2011. The position paper elaborates the impediments of development effectiveness and their views on the new architecture (OECD, 2011a.)

In the meeting of the 'Africa Platform for Development effectiveness' that was held after Busan in 2012 in Addis Ababa, African countries asserts on the alignment of donor countries to national priorities; combating the illegal disbursements to Africa in addition to meet the international commitment of increasing aid to 0.7% of GNI (APDev, 2012). Regarding the establishment of new architecture based on development effectiveness, they affirm on the need to integrate Africa in the global arrangements such as G20 and in the executive level in the governmental institutions WB and UN in particular (African Union and NEPAD, 2011.)

The perspective of African countries on the notion of partnership, they affirm on the 'transformative partnership' where the South - South cooperation and private sector participation complement the traditional pattern of cooperation between the north and the south. Furthermore, they assert that the new partnership has to complement the African vision not to create new strategy. The African vision is built on decreasing aid dependency and supporting capacity building in order to mobilize domestic resources. Indeed, they retain the new architecture has to be guided by national demands and needs and to consider coherence among development policies (African Union and NEPAD, 2011.)

After the 18th summit of African Union in 2012; they established two arrangements in order to deploy Africa's needs and priorities in the new architecture: the Ministerial Working Group to drive Africa's interests in the post- Busan process and the Africa Post-Busan Technical Working Group (African Partnership Forum website.)

It is appeared that the focal point of African perception is development effectiveness which is compatible with the new architecture. Aid effectiveness has been handled within the broad vision on development cooperation. More important, aid harmonization has not been addressed as a step to overreach aid independency.

CHAPTER II

DONORS' AID POLICIES

This chapter will illustrate U.K and Denmark policies toward Africa since the new millennium when attaining economic and social development became an essential factor in determining the goals of foreign policies. The chapter will examine the foreign policy toward the African continent then aid policies through exploring the white papers and arrangements that manage development aid disbursements to verify to what extent both U.K and Denmark endorse aid harmonization.

2.1 The United Kingdom

2.1.1 Foreign policy toward Africa

The British foreign policy toward Africa in the new millennium has been dominated by the Labour Party that formed the government in 1997, after 17 years in the seat of opposition, and it handed the power to the Conservative Party in 2010.

The Third Way ideology formulated the Labour Party's policies that compiles between economic liberal policies and social justice principles. This ideology has been translated into foreign policy goals. Paul Kelemen (2007) explained historically the Labour Party's policy toward Africa which had been covered by social principles. The Labour Party underlined the role of African peasants in the development of local communities with countering the role of capitalist merchants in the West Africa in particular. Notwithstanding, the Party promoted the movement of modernization in Africa through expanding the British enterprises and privatization the plantations in African so peasants became paid labor in African lands. The Party's policies in modernizing Africa through capitalist policies were elaborated by two reasons; to impede African migration to Britain through creating opportunities for African labors

and to increase the productivity of lands by local development. In spite of these economic liberal policies, the Labour Party played the role of the defender of African labor rights as it worked to empower the cooperatives and trade unions because these arrangements could balance between the applied capitalist policies and social premises. After the Second World War, the policy of the Labour Party that was based on 'socialisation and self-government' alongside 'development' participated in acquiring independence later. For example, the Movement for Colonial Freedom (MCF) that emerged in 1954 came out from the Labour Party and in 1956 the Party suggested to hand over the power to the African territories where the white settlers inhibited so they could assist Africans in building the state.

The adopted policy that combines liberal economy and socialist goals has identified the Party's foreign policy with the 'morale foreign policy'. Rita Abrahmsen and Paul Williams (2001) demonstrate how the ideology of the 'Third Way' has been reflected in the British foreign policy toward Africa as peace, prosperity and democracy have been declared the three imperatives that guide the British policy in Africa. Regarding preventing conflicts and building the peace, the UK sent troops to Sierra Leon in 2000 in order to end the conflict. While to attain prosperity for African countries, U.K has endorsed poverty reduction through enhancing economic growth via free and fair trade; erasing debt and disbursing development aid. Promoting good governance is the way to consolidate democracy.

The success of British intervention in Sierra Leone in 2000 alongside the prominent role of development aid in reducing poverty comparing to other Western donors the USA in particular have accelerated Africa in the British foreign policy domains. Additionally, the public opposition to the participation in the war against Iraq in 2003

has embarked Africa in Tony Blair's foreign policy to retain his achievements in the field of foreign policy (Tom Porteous, 2005.)

Consequently, Africa became the focus of Blair's foreign policy in the second term started in 2001. In 2004, Tony Blair invited the leaders of G8 to an international summit on Africa. From this summit, the Commission on Africa Development was formed and it disseminated the report entitled 'Our Common Interest'. The rationale of the summit was to renew the international commitments to provide African countries with technical and financial assistances to attain Africa progress. The summit admitted that African countries have been struggled to reduce poverty and they need 'big Push' from donors. Accordingly, the summit proposed a 'comprehensive package for Africa' that emphasizes on building the capacity of state to be capable of delivering services; preventing internal violence and promoting security; and attracting investments and various enterprises to prosper economic growth (Our Common Interest, 2005.)

The summit concluded with a promise of increasing ODA to Africa by US\$25 billion per year for five years and additional US\$25 billion a year to be implemented by 2015. The conditions of increasing aid are feasible impacts and good governance and from donor side; harmonization, ownership, untied aid, predictability and accountability have to be embedded in their aid policies (Our Common Interest, 2005.)

Apparently, the summit drew good image for Britain in the international arena as the leader of development and the poor; Tony Blair stated '*Eliminating world poverty is in Britain's interests – and is one of the greatest moral challenges we face.*' (DIFD, 2006, P. 4.)

Despite the role that Tony Blair tried to illustrate, different reasons affected negatively on this role. The Military intervention in Africa, the U.K has been accused of having illegal arm trade with Sierra Leon and DRC; indeed, its intervention in Sierra Leon in 2000 was against the UN embargo and the number of British soldiers in the UN peace troops in Africa is very small and outside the fieldwork. (Abrahamsen and Williams, 2001). On the other side, the rationale of the African commission has drawbacks; Paul D.Williams (2005) argues that the commission and the released report advocates for neo liberal economic policies and that contradicts with the ideology of the Labour Party. Despite that, the report has not got the support from other G8 countries; for example, the USA and Japan argue that the recommendations of the report could not be adopted because they are not appropriated with their budget and financial modalities; while Germany and Italy claimed that they have not been willing to send more disbursements to Africa. On the contrary, France and Canada stated that their disbursements to Africa actually reached the proposed amount and they covered the development fields. Furthermore, the commission has tackled the G8 trade policies toward African countries; they have not promised to decrease trade barriers on agriculture products in particular. In addition, the call for debt relief is conditioned on adopting economic reforms. The U.K is sending its assistances to Uganda, Zimbabwe and corrupted regimes which contradicts with the principles of good governance. Williams added that the report has not tackled explicitly the relation among terrorism; poverty and undemocratic regimes in some of African countries.

Incidents have appeared the paradox in the Labour Party's policies toward Africa and how such paradox between its ethical values for assisting poor countries and

attainment the national interests has deteriorated its image in the international arena (Abrahamsen and Williams, 2001; Chris Allen, 1998.)

On the contrary, the Conservative Party's policies toward Africa, which formed the government in 2010, has determined its priorities explicitly, Henry Bellingham, the Minister for Africa in Foreign and Commonwealth Office delivered a speech in December 16, 2010 under the title of '*UK and Africa: Delivering Prosperity Together*'; where he identifies three areas of U.K missions in Africa:

- 1- Increasing the British enterprises and investments in Africa with focusing on deepening trade relations with economic hubs in the continent such as South Africa and Senegal. However, in this regard, the minister affirms that promoting economic relations with African regimes does not mean omitting human rights records and inequality; therefore, the corporate social responsibility (CSR) of British enterprises are supposed to assist in providing social services to endorse growth with equity.
- 2- Flourishing trade relations among African countries through supporting African Union and economic regional organizations.
- 3- Promoting African integration in the global economy. Therefore, Britain will persuade European countries and G8 to open their markets for Africa's products; on the other side, Britain will facilitate for African Diaspora to start their business in U.K.

These declared objectives are compatible with general British objectives that focus on building economic relations with the rising economies and on protecting economic interests. More important, these objectives are coincided with the principles of the Conservatives Party. Historically, the Prime Minister Harold Macmillan in the eve of

colonies independence in 1960 delivered the speech *'Wind of the Change'* in Cape Town; he tried to convince the new independent states to join the west part through the commonwealth where the state sovereignty is respected and military and administrative support are available; additionally, he emphasized on economic interdependence between the new independent states.

According to policies of the Labour Party and the Conservative Party, Africa has economic priority in the British foreign policy. For the Conservative Party, strengthening the economic relations is the clear target; while the Labour Party covers this interest with political objectives such as promoting good governance and protecting democracies.

2.1.2 The British Aid Policy

This part demonstrates the institutional attributes of British foreign aid and its commitments to aid effectiveness including the principle of harmonization.

The Colonial Development Act (1929) determined the fields of the allocation of technical assistances; machines for agriculture sector to increase the productivity of farms and infrastructure projects mainly electricity, irrigation systems besides internal transportation and building ports to transfer products to Britain.

By the end of the Second World War in 1945, the U.K declared the Colonial Development and Welfare Act. According to this act, British assistances to the colonies would channel to education sector besides promoting 'welfare' of colonies (Kelemen, 2007). During the cold war, foreign aid was a crucial tool, in this regard, the Labour Party in 1957 suggested establishing 'International Development Authority' which the Western powers could channel their aid to Africa; moreover, the

Party declared its intension to increase aid disbursements to 1% of national income. The endeavor of these actions was to combat the influence of Soviet Union in the continent and to decline imperialist exploitation under the capitalist enterprises through channeling more aid (Kelemen, 2007.)

Regarding the institutions that manage aid policy, in conjunction with decolonization period, the U.K founded the Department of Technical Cooperation in 1961 to provide technical assistance to the newly independent states. Then in 1964, the government managed British aid through the Ministry of Overseas Development (ODM). While in the 1970s the management of foreign aid changed more than once. First the ODM affiliated to the Foreign and Commonwealth Office (FCO) with the name of 'Overseas Development Administration (ODA)' then it separated from FCO to back as a ministry. Finally in 1979 it returned to the FCO (DFID, 2011). This change could be explained by the international economic crises occurred in the 1970s and the lack of available resources.

After the Labour Party formed the government in 1997, the British development aid has been managed by a separated institution, 'the Department for International Development (DFID)' which is headed by a cabinet minister. The establishment of DFID was combined with the reviews occurred by BWI, UN agencies and OECD on the essence of development cooperation. On the other hand, being an independent entity separated from the FCO has led to separate development efforts that focus on poverty reduction from other national interests such as trade relations and investment (Porteous, 2005.)

In the light of the new architecture of international aid that coincided in the late of 1990s, the DFID's mission on drawing aid policies are determined in three main areas (DFID, 1997):

- 1- Promoting sustainable economic growth with focusing on local economic development in rural areas. In addition to protecting human rights including women rights via preventing violence and conflicts.
- 2- Improving human development through providing the poor with primary education and basic health care for infants and women as long as facilitating their access to save water and food.
- 3- Reserving environment through effective use of renewable and non - renewable resources.

Oliver Morrissey (2002) claims that establishing DFID has deployed the British aid policy effectively. The amount of aid disbursements and the number of staff and country offices have increased. More important, management by results and planning long term strategies have been the adopted approaches in addition to the focus on regular evaluation. Further, being as a separate governmental entity enables DFID to negotiate and influence the other government bodies (OECD 2009.)

The Labour Party issued two international development acts. The first was in 2002; this act determines the functions and sectors that the British development aid should be allocated and the modalities of aid disbursements. Generally, the act identifies poverty reduction as the target of ODA and concerning the forms of assistance, they include grant, loan and guarantee; technical assistance, that transfers the knowhow, scholarship and tied aid. The act clarifies that the treasury is responsible for setting the conditions of giving loans to developing countries. As well, the relation with

multilateral organizations and private sectors are arranged in this act (International Development Act, 2002.)

The second act declared in 2006; emphasizes on the methods of monitoring and evaluation of the British development aid. It illustrates how to allocate aid disbursements effectively with targeting the international commitment of 0.7% of GNI. Thus, it affirms on identifying the development objectives with the recipient countries clearly and the budget cycle. Further, the act demonstrates the way of submitting annual reports from the Secretary of International Development to the parliament (International Development 'Reporting and Transparency' Act, 2006.)

The British governments prepared various white papers to identify the main principles of aid allocation and to guide actions in the field. The first white paper (Command Paper 2736) prepared in 1965 after the most of colonies got their independences. Poverty reduction was determined the overarching objective of ODA. In the 1975 another command paper (6270) released has claimed that the rural development would be the adopted approach to reduce poverty (DFID, 1997.)

Under the Labour Party government four white papers were published; the first one was in 1997 when the Party seized the power, the second in 2000; the third was in 2006 and it was built on the outputs of the international summit on Africa in 2004 and the final white paper was published in 2009.

The first white paper in 1997 is coincided with the global objective of the new millennium to reduce the number of extreme poor to the half by 2015; however, the rationale of reducing poverty is based on attaining economic growth via adopting neo liberal policies. Further, the paper affirms on the role private sectors, civil society organizations and research institutions in delivering development goals (DFID, 1997.)

The second white paper that published in 2000 emphasizes on globalization as a determinant of international development. The paper addressed that globalization embeds impediments and opportunities to overreach the international goal. Accordingly, the British development aid would target four aspects: building the capacity of poor states so that they could adopt and implement pro poor economic policies and fight corruption that deters development; improving human development in terms of education and health in addition to technology; the third area is to employ the private sector in financing development specially globalization promotes the role of enterprises in the international system with decreasing trade barriers. The final area is to protect environment to guarantee sustainable development (DFID, 2000.)

Regarding the amount of aid that would disburse to the targeted areas, the paper argues that under globalization conditions available development assistances have been directing to the middle income countries that have good economic performance while the poor countries have been receiving little amount of ODA. Therefore the government promised in this white paper to allocate 0.33% of GNP for development aid in 2003/2004 budget and to direct 74% of this allocation to the poorest countries including African countries (DFID, 2000.)

The third white paper was published after two years from the summit on Africa Development. Thus it affirms on the recommendations of the summit mainly the necessary of doubling the amount of ODA directed to African countries. In this regard, the paper indicated that U.K under the government of Labour Party has increased the amount of aid by 140% from 1997 till 2005 (DFID, 2006.)

Despite the paper has tackled the same focus areas of aid allocation addressed in the previous white papers; technical researches for improving human conditions and fragile states are determined additional areas (DFID, 2006.)

The current white paper that guided British aid policy was published in 2009 after Blair left the government. The successor Prime Minister Gordon Brown has used a slight different discourse; besides affirming on the role of the U.K as the defender of the poor in the international system; he declared that the attainment of national security is a fundamental objective of aid disbursements. In the forward section of the white paper, the Prime Minister Brown stated *'The United Kingdom will keep the promises we have made. We will do so because it is morally right. But also because our prosperity, security and health are increasingly inseparable from events far beyond our borders'* (DFID, 2009, P.5.)

This white paper, like the second one published in 2000, departed from the global challenges facing the poor countries such as international economic fluctuations; transboundary conflict and climate change. To combat these challenges, the British aid will endorse economic growth in sustainable and environmental way and will direct its ODA to the poorest countries, fragile states and vulnerable people. Above that, the British ODA will be allocated in a collective way as the U.K will work with the UN agencies to meet the MDGs and with G8 to improve the effectiveness of ODA. It could be noticed that this paper tackles ways of aid effectiveness explicitly (DFID, 2009.)

2.1.3 Harmonization policies

The aforementioned white papers have placed significant emphasis on the international coordination in delivering ODA. The various dimensions of coordination

including the relation with other donors; areas of focus and aid modality have been conceived in the papers.

Concerning the coordination with other donors; it could be noticed that the U.K has the real willing to increase the cooperation with multilateral organizations and other donor countries. In the white paper of 1997, the paper indicates to the importance of coordination with other donors without emphasis on the techniques of fostering this sort of coordination. For example, it is stated 'We Shall Work closely with other donors and development agencies to build partnerships with developing countries to strengthen the commitment to the elimination of poverty...' (DFID, 1997, p. 6.) The second paper published in 2000, shows the coordination with Germany, the Netherlands, Norway, Denmark and Sweden in Tanzania and in Malawi for promoting the sector wide approach.

However, after the Paris Declaration in 2005, the coordination with other donor countries has increased. The third White paper in 2006 addressed that it has harmonized the allocation of its disbursements with other donors in 20 recipient countries; adopted joint strategies in 6 countries and joint office in two countries and the South Sudan is one of both cases (DIFD, 2006). Moreover, it has shared technical advisers with other donors; for instance, it got assistance from WB staff and it shared economic adviser with Netherlands in Rwanda (OECD, 2010a). In a step forward to harmonization, the U.K shared information of its implemented operations via DIFD databases and joined the International Aid Transparency Initiative (IATI) (DIFD, 2009). However, the white paper pointed to the drawback in the monitoring and evaluation systems (DFID, 2006.)

Although the U.K is trying to delegate its operations, it is addressed that 61% of British staff allocated in the head offices while 39% of the staff in the field; further, the staff who are in the field have lacked the capability and the authority to foster coordination with other donor agencies in the same field (OECD, 2009.)

The rationale of enhancing the coordination with the multilateral organizations is 'Their [multilateral development institutions] political neutrality and technical expertise enable them to take a leadership and coordination role on major problems and global issues such as debt reduction, human rights and refugees, gender equality, the environment and the AIDS pandemic.' (DFID, 2006, P. 34.)

Further, it is addressed that when the U.K lacks the financial or technical capability in delivering certain targets, it will direct its available assistance to the multilateral organization that has the comparative advantages. Though the criterion is the comparative advantage, it seems that the U.K prefers to allocate its ODA to the multilateral organizations than to the appropriate donor country. Therefore in 1997, the U.K declared that the half of its ODA actually directed to the multilateral organizations including the UN agencies; WB and EU (DFID, 1997). And in the 2006 white paper, it claimed that 40% of aid disbursements would channel through multilateral organizations. To conceive the coordination with the multilateral organizations, it encourages the UN to adopt one budget and one program representing development objectives of the UN agencies so that it can reduce duplication and fragmentations of UN programs; further, it recommends donor countries to direct their disbursements to the UN agencies. In this respect, the U.K promotes the coordination among the regional development banks (DFID, 2006.)

The focus of the final white paper is on aid effectiveness thus it affirms on improving the ability of multilateral organizations and regional development banks to respond effectively to the development needs and priorities of the poor countries. Increasing the representation of the poor countries in the executive bodies of these organizations is crucial to attain responsiveness (DFID, 2009.)

Regarding the focus areas, the poverty reduction is the main target and according to this goal the U.K allocates its disbursements. Moreover, the cooperation with other bilateral and multilateral donors is condition on their commitment to implement poverty reduction strategies (DIFD, 1997; 2000; 2006); for instance, the budget of 2007/2008, the U.K allocated 44% of the total aid to MDGs operation (OECD, 2010a.)

However, the Conservative Party since 2010 emphasizes on gender, wealth creation, climate change and fragile state (OECD, 2010b.)

The U.K adopted selectivity in geographic areas and operations; for the geography, it believes that ODA should target to the poorest countries that most of them in Africa thus African countries and African organizations such as the African Development Bank are the main destination of British aid. Within the poorest countries, it attain to direct aid disbursements to countries that prove political will to adopt reform and reduce poverty therefore it decreased its operations to a third since 1997 and currently the DFID offices are serving in 23 countries (DFID, 2009).

Regarding aid modality; in spite of claiming that the sector- wide approach is better modality of aid allocation to maintain the principle of ownership. other forms have been addressed in the white papers such as capital aid that channeled to specific

projects or activities; program aid to support the balance of payments and budget and technical aid such as training and scholarships.

Channeling aid to the government budget requires that the recipient country to adopt financial reforms and to develop the accountability system; therefore the U.K is committed to allocate just 5% of the disbursements to the national budget while the recipient country implements the reforms (OECD, 2010b.)

In the regard of aid predictability, the U.K claimed to use the Medium-term predictability as it will share its aid budget plan for three years in advance and there is intention to use ten-year Development Partnership Arrangements (DPAs) (OECD, 2010b.)

2.2 Denmark

2.2.1 Foreign policy toward Africa

The location of Denmark as a small state between strong western European countries and the Scandinavian countries in the north of Europe determines its foreign policy. Since the end of the Second World War, Denmark's foreign policy is between two different purposes; the first is to attain the direct national interests in security and economic prosperity while the second is to deploy the Nordic identity (Ben Tonra, 2001.)

To attain the national interests; the Western powers represented in NATO and EU are the fundamental arrangements to protect the national interests. Concerning security and defense issues, Denmark joined the NATO early as the alliance with the USA guarantees the purposed security. Accordingly, Denmark has involved in the NATO

operations in Kosovo, Afghanistan and in Iraq. The relation with NATO has the highest priority in the Danish foreign policy (Tonra, 2001.)

For enhancing its economic growth, the European Union is an essential partner though it did not join the European Coal and Steel Community in the beginning because the steel and coal were not important products for its economy; further, the main trade partners including the U.K did not involve in the first EU arrangement. When Denmark applied for joining the EU in 1961, it took this action based on the U.K that applied as well for the EU membership and although their applications were rejected due to political rivalry with France, they applied again in the 1970 and joined the EU (Tonra, 2001.)

Since being EU member, the relation with the EU has the highest priority in Danish foreign policy and it has been working to deepen its role within the union. For example, it encouraged the EU enlargement in 2004 because it is considered an opportunity for Danish exports. However, to maintain its position among the 25 member states, Denmark urges for the bilateral connections among members in discussing and designing policies (Per Carlsen and Hans Mouritzen, 2004.)

To retain its Nordic identity, Denmark has worked to convince this aim through institutionalization its relation with Nordic countries. In 1952, it initiated the Nordic Council to be a collective arrangement discussing the security and defiance issues. Later in 1962, the Nordic Cooperation Agreement was founded then it followed by an initiation to establishing a regional custom Union (NORDEK). These Nordic arrangements had not been successful to develop common Nordic objectives in security and foreign policy issues due to the conflict of interests among Nordic countries and the nature of relation with the EU; in this regard, Denmark was blamed

that it emphasized on its relation with western European countries (Tonra, 2001). Evidently, promoting the Nordic identity has not been a priority for Denmark with the security and economic challenges it has been facing. For example, in 2009 a report was prepared to show how Nordic countries could endorse collective security, the report concluded that the difference of political strategies and interests have precluded any attempt to develop a collective security; above that, the Nordic countries involve in NATO prefer to manage their defense issues through NATO (Clive Archer, 2010). Further, with the global economic crisis in 2008, the Nordic cooperation became on the agenda as a tool to combat this crisis; however, Denmark has tackled this possible solution with doubts (Nanna Hvidt and Hans Mouritzen, 2010.)

Apparently, Denmark has designed its foreign policy objectives based on its national interests which are compatible with NATO and EU whilst the cooperation with the Nordic countries is on the minimum level.

Regardless the two different directions of Danish foreign policy, the Minister of the Foreign Policy, Per Stig Møller in 2003 addressed in the article "European Foreign Policy in the Making", published in the Brown Journal of Foreign Affairs, that since the end of the cold war, the objectives of Danish foreign policy are: Promoting the international peace and stability with enhancing the values of democracy and human rights; endorsing economic growth and sustainable development and it focuses on combating the global risks such as immigration and terrorism and the last objective is fostering integration with 'neighbouring areas'(Carlsen and Mouritzen 2004.)

The main purpose of Denmark is to play a proactive role in the international area and to exert more influence in the international and regional organizations to overcome its

small size. Thus it involves in various military and development operations around the world.

Africa is a space where Denmark deploys its capabilities and influence. To attain the objective of promoting peace and stability; Denmark has participated in the UN peace troops after the end of the cold war. For instance, Denmark led the initiative of UN to establish a rapid force in Rwanda in 1994 and it sent observers to DRC. Further, Denmark has provided assistances to African arrangements to prevent conflict and build peace; in 1997 it assisted the SADC in conflict management (Ståle Ulriksen, 2007.)

The modest cooperation with the Nordic countries has been emerged in the African continent. Denmark was out of the scene when other Nordic countries (Sweden, Finland and Netherlands) sent their assistances to African countries under the conflict of Congo in 1960 while Denmark has participated effectively in the NATO operations in the East of Africa to counter terrorism (Ståle Ulriksen, 2007.)

Regarding the role of good partner, Danish development assistance has exceeded the international commitment. Generally, it is committed to provide assistances to African countries and it declared that in 2004 during the G8 summit on Africa and the UN World Summit on Development Goals.

The Danish government determined three main objectives toward Africa in 2007-2011 stated in its Africa Strategy (Royal Danish Ministry of Foreign Affairs, 2007); they are:

- 1- Promoting African responsive to the challenges of globalization which are relevant to Danish security and interests; particularly migration, trade relations and conflict.
- 2- Fostering the economic cooperation between Africa and the EU.
- 3- Allocating more aid in effective way to African countries with focusing on vulnerable people.

The Danish Prime Minister Anders Fogh Rasmussen in his speech delivered in the occasion of the visit of the American president George W.Bush in Denmark in 2005 highlighted the main priority areas of Danish aid in Africa: health caring with focusing on fighting HIV/AIDS; trade relations; conflict management and good governance (Hvidt and Mouritzen, 2006.)

2.2.2 The Danish Aid Policy

Denmark illustrates its contribution in development cooperation to the poor countries including Africa as a 'humanitarian responsibility'.

Danish aid disbursements was institutionalized in 1963 by establishing DANIDA as an independent entity to manage development assistance. Since the 1990, it is affiliated to the ministry of foreign affairs and it is headed by The Minister for Development Cooperation. Four legal acts organize Danish development assistance; the fundamental act issued in 1998 then the supplementary acts declared; two in 2002 and the last one in 2006* (DANIDA website.)

Fighting poverty is the main target of DANIDA mission and throughout 50 years it has channeled a lot of disbursements that exceeds the international commitment of

*The acts are available only in Danish language thus I could not interpret them.

0.7% of GNI. It could be noted that the priorities of Danish aid are drawn on the political and economic risks and the opportunities of globalization. Though development assistance is usually direct to human development goals, Denmark declared after the end of the cold war that its aid disbursements would have political goals mainly in conflict prevention and building democracy (DANIDA, 2003). These political goals have been intensified after the 9/11 attack in the USA which was followed by NATO military intervention in Afghanistan and Iraq to fight terrorists.

The government publishes every four years The Government's Vision for New Priorities in Danish Development Assistance that determines the objectives and approaches of aid allocation.

Five development priorities had been set for the period from 2004- 2008; poverty reduction is the highest priority; human rights, democratization and good governance; stability, security and the fight against terrorism; refugees, humanitarian assistance; environment protection and social and economic development (DANIDA, 2003.)

The following agenda that covered the period from 2005 to 2009 continued the emphasis on the main priorities in the areas of fighting poverty and improving the conditions of the poor focusing on the health sector and fighting the epidemic diseases particularly HIV/AIDS and adopting the international initiatives on environment. However economic development would be approached through increasing the capability of private sector to be able to access to the Danish market. Fighting terrorism with focusing on Afghanistan, Iraq and Sudan where the NATO operations had been a focal intervention areas; in addition to promoting equality and democratization in the Middle East countries (DANIDA, 2004). Because this

document was published after the G8 summit on Africa, providing economic relations with Africa took eminent space in the strategy.

The Danish Development Assistance 2006-2010 approached its priorities through enabling the poor countries to benefit from globalization opportunities and to overcome challenges. The tool is promoting the role of the EU and UN agencies as the essential partner in the development cooperation; further environment security human rights and democracy had been retained the same focus areas (DANIDA, 2005.)

In 2008, Danish government initiated the Africa commission to share development visions and plans under the global recession between Denmark and African countries. The outcome of the commission was published in a report in 2009. The report argues that Africa is facing economic and financial crises; however, it should maximize its opportunities from globalization dynamics through attracting investment with enhancing the agriculture business. Deepening the rule of law and improving the status of women and other vulnerable have to be embedded in any adopted reform processes. On the other side, private sectors and entrepreneurs have to participate in planning and implementing development policies (Ministry of Foreign Affairs of Denmark, 2009.)

The commission determined 5 main initiatives to foster the economic growth (Ministry of Foreign Affairs of Denmark, 2009):

- 1- Improving the capacity of African enterprises to be able to compete in the global market.
- 2- Developing the financial systems particularly a predictable regulatory framework in African countries to improve the business environment.

Therefore an African Guarantee Fund would be founded to be a pool of resources needed by the starting up enterprises.

- 3- Creating job opportunities for youth through encouraging entrepreneurship and self employment; in this regard, the ILO would provide the technical assistance.
- 4- Securing the sustainability of electricity and other resources needed to run growing businesses.
- 5- Improving the quality of education mainly the vocational education to supply the rising enterprises.

According to these five initiatives, Denmark and donors would allocate their assistances as long as African governments are committed to good governance principles (Ministry of Foreign Affairs of Denmark, 2009.)

'Make Africa free aid continent' was stated in the report as an intended goal of African countries and Denmark would assist them to attain this goal. Therefore, the report sets recommendations to pave the African aid independency (Ministry of Foreign Affairs of Denmark, 2009); they are drawn on three pillars:

- 1- Economic pillar: deepening the role of the private sector mainly in the agriculture sector because flourishing this leading economic sector could enable African countries to meet the MDGs; with reshaping the relation between the private and public sectors in a way that benefit the intended economic growth. Additionally, encouraging the regional integration and South -South cooperation.
- 2- Political pillar: Promoting the implementation of governance principles in addition to ensuring the participation of all stakeholders in planning

development strategies. Also ensuring the role of women in development process.

- 3- Environment pillar: Protecting environment through embedding quality standards in the new industries.

2.2.3 Harmonization policies

Aid effectiveness as a goal of Danish aid is mentioned in the documents of the priorities of development assistance implicitly. The priorities that have been set after the Paris declaration have not discussed aid effectiveness in details. Though, this part will try to interpret what have been mentioned in the government documents and to correlate that to the principle of harmonization including the relation with other donors; areas of focus and aid modality.

Regarding the relation with other donors, Denmark emphasizes on its cooperation with bilateral donors rather than multilateral organizations; however, the cooperation is conditional. For multilateral organizations, it intends to increase the cooperation with the UN agencies for instance but only with agencies that have good performance and impact and have the same priorities; for example in 2004-2008 it allocated aid disbursements to the UN agencies service in health and population policy (DANIDA, 2003). Above that, it decreased the amount of aid to the multilateral organizations and redirected to the new program implemented by the government. (DANIDA, 2005). On the other side, it claimed that the multilateral organizations have the responsibilities of developing common values and principles managing the cooperation among donors in that case Denmark would assist organizations to reform their systems and to be more inclusive.

The relation with other donors is determined by 'like minded' donors and the priority of cooperation is with European countries. It is stated 'we need to cooperate with the Nordic countries and like-minded EU Member States that share our attitude to development policy and strengthen the coherence between Europe's external efforts and the common development policy formulated' (DANIDA, 2003, p.5.)

Accordingly, the cooperation is conditioned on sharing common priorities and approaches; further, it urges the PRSP to be the common objective that donors could draw their joint strategies; action plans and joint procurement policy (DANIDA, 2004; 2005.)

Using decentralization in administrating its country offices is one of attributes of Danish aid and this action could foster harmonization on the field because it empowers the staff in the field to be able to take decision moreover, it provides them with guidelines to facilitate the implementation on the ground (DANIDA, 2003). In this regard, it is reported for the OECD that the 73% of staff in the field offices and 27% are in the head quarters (OECD 2009.)

According to the OECD surveys on the progress toward the Paris Declarations; Denmark achieved the target of joint missions by 34% in 2005 and 44% in 2007 and regarding the Joint country analytical work, it conducted that by 80% in 2005 and 85% in 2007. While it is on track regarding using common arrangements, it reached 60% in 2005 and 2007 (OECD, 2011b.)

Though its implicit performance in harmonization, it blames donors as their procedures and requirements are not harmonized and that increase the burden on the developing countries (DANIDA, 2004). As a part of proactive role in development cooperation, it initiated in 2005 to establish a high-level forum to stimulate donors to

harmonize their activities (DANIDA, 2004). On the other side, it welcomes the cooperation with new donors but it limits this cooperation to exchange lessons only (Ministry of Foreign Affairs of Denmark, 2010.)

Regarding the focus areas, attaining MDGS is the target of Danish aid; on the other hand, aid is allocated to assist African countries facing the global economic challenges with emphasis on the vulnerable people such as women and youth. However the driving mechanism to meet development goals is private sector thus it directs disbursements to this sector.

Geographically; its approach is to concentrate on small countries but to proliferate its programs to cover different sectors. For instance, in 2001, it had 18 country offices this number decreased to 13 offices by the end of 2008. However, recipient country has to be serious about political and economic reforms to be selected. Selection countries is based on three criteria though Denmark admits it is political choice by the end: 1) development need; the degree of poverty and vulnerability within the country; 2) the instability and conflict within the country or surrounding countries; 3) the ability of Danish aid to achieve impact and visible results, that is based on its competence comparing to other donors; techniques of involvement such as division of labor and the degree of involvement which is affected by the capacity and the quality of recipient government (Ministry of Foreign Affairs of Denmark, 2010.)

Concerning the aid modality; Denmark is committed to reduce the tied aid (DANIDA, 2003). While using the sector wide approach is unreached because it allocates aid according to the priorities not sectors; for example, promoting the role of private sector in agriculture is a priority thus it allocates aid based on one priority not on two different sectors (OECD, 2011b.)

Regarding the budget support, Denmark allocates only 25% of the total disbursements until the recipient government guarantees the quality of its financial and administrative systems (OECD, 2009.) In 2005, Denmark adopted the tool of 'commitment budgeting' in order to predict the activities and operations that implemented by DANIDA (DANIDA, 2005); however, the budget plans are overlapped; for example, there are two development assistance budget documents one covers the period (2009-2013) and the second covers the (2010-2014).

2.3 British and Danish commitments to the international and regional declarations

Both the UK and Denmark are committed to the international declarations on aid effectiveness. Though they have been interested to allocate their disbursements effectively in order to decrease the transaction costs, their commitments to all principles of aid effectiveness have been included apparently in their documents on aid policy after the 2005. On the other side, they have participated in all surveys conducted by the OECD and they have met the targets by 2010.

However their commitments to the EU policies on aid effectiveness are different. In principle both admit the significant role of the EU as a main multilateral donor and its considerable development impacts in developing countries. The UK has translated this acknowledgement into action; it has allocated about 30% of its ODA to the EU institutions (DFID, 1997); moreover, it admits that the EU has a comparative advantage in planning and financing MDGs programs and projects and in cases of fragile states therefore it has channeled its disbursements through the EU institutions (DFID, 2009.)

On the contrary, Denmark has perceived the EU as a domain where it could project its capabilities to the international arena; accordingly, it has deepened its position in the

EU through embedding its development plans into the EU strategy and promoting the division of labour among member states in order to influence the other countries (Ministry of Foreign Affairs of Denmark, 2010). More important, Denmark has not allocated its disbursements unless the donor organization shares the same development targets.

Apart from the international and regional commitments, the Nordic countries and the UK are formed the NORDIC plus. Through this regional arrangement the UK and Denmark share their aid policies. NORDIC plus has produced different toolkits and guidelines to facilitate harmonization among member donors. delegated cooperation; Joint Assessment of Agencies; Joint-Financing Arrangements in Programme Support and Joint Procurement Policy are four aspects of the mutual harmonization. The progress in this regard has been limited to preparing guidelines and determining the reporting systems as no progress report has been released to demonstrate the performance of member countries.

Bertil Odén (2011) explained through different incidents that Denmark has not been committed to the Nordic countries as it usually prioritizes its national interests. Overall, there is no consensus among Nordic countries on development cooperation.

On the other side, Odén demonstrates the Nordic model in delivering aid; focusing on the low income countries; supporting the UN agencies and large share of grant aid. The British aid policy has not had the same characteristics until 2004, when it reaffirmed on its commitments to the poorest countries; above that, its aid disbursement has not reach the international commitment unlike the Nordic countries.

To sum up, the Nordic countries have a significant role in translating the international commitments on aid harmonization into action via developing guidelines; however, they do not develop a mechanism to oversee the applications on the ground.

CHAPTER III

THE AID POLICY OF RECIPIENT COUNTRIES

This chapter will tackle the reaction of recipient countries to the applied aid policies of donors. It will discuss the pace of development and the role of foreign aid in financing the development strategies; then it will show the change and continuity in the received aid amount and modality and how the recipient countries manage the negotiation with donors.

3.1 Tanzanian Development and Aid Policies

3.1.1 The pace of development:

Tanzania is one of African countries that designed its model of development after the independence in 1961. Julius Nyerere led the independence battle then he became the national leader and the first president of the state. He believed in socialism and emphasized on the role of farmers driving the development process. Axiomatically, Nyerere did not believe in the Western interventions thus he was not eager to depend on the Western aid in building the new state and funding the development projects.

Notwithstanding the beliefs of the national leader regarding the new state, the first development plan after the independence in 1961-1964 was drawn by Britain. The plan focused on building the industrial sector to substitute imports in order to increase the national production. The second development plan from 1964 to 1969 was formulated by British as well and it aimed to encourage national industries and production with focusing on agriculture sector. The performance of the economy was stable and the rate economic growth was 2%. Nyerere did not reject the Western intervention at the beginning but he limited it to support the modernization of machines used in the agriculture, the lead sector of economy and development

processes; further, he tried to dominate the structure of production (Kjell Havnevik, 2010.)

In 1967, the Nyerere's development model was applied. 'Arusha Declaration' is a socio- economic model where the village is the core of development and the rural economy is the driving force of development and the state dominates the all means of production. Nyerere thought that the capitalist relation between who have and employees does not fit with the traditional African society thus his model fights the fundamental elements of capitalist 'individual tenure' (Havnevik, 2010.) Gradually, a socialist state had been consolidated as all enterprises and sectors had been nationalized and the state monopolized the production. Western powers and BWIs supported this model because its socialist base was compatible with political ideology of donor countries at that time in addition to the strategic location of Tanzania (Samuel M Wangwe, 1997). However this model was not sustained as a successful model; there were internal and external impediments. Internally, the spread of illiteracy and the inefficiency of the public administration due to corruption; above all, the low productivity of the agriculture sector led to instability of the national economy. Externally, the model was faced by donor conditionality and the lack of support; additionally, the dependence on techniques and human resources imported from donors, delayed the development of the national human resources all of that was combined by Nyerere's refractoriness against IMF and WB dictations. In order to rescue this model, the Tanzanian government declared the national Economic Survival Programme in 1981-1982 (Robert J. Utz, 2007 and Planning Commission, n.d.)

After Nyerere left the power in 1985, the structural adjustment program was implemented according to the neo liberal bases. The "Economic Recovery

Programme" 1986-89 (ERP) applied with the attainment of liberalizing internal and external trade, unifying the exchange rate, reviving exports, stimulating domestic saving, and restoring fiscal sustainability and mobilizing the local resources. In 1989 the second phase of adjustment program "Economic and Social Action Programme" (ESAP) was adopted and it directed to the bank sector; public administrations and modifying the legislations and regularities to foster privatization (Arne Bigsten and Anders Danielsson, 1999.)

The Structural Adjustment program did not accomplish a visible progress due to the spread of corruption in the public sector, income inequality and regional disparities in gaining the output of reform. The WB responded to that deficits by applying the Priority Social Action Programme (PSAP)' aiming at providing social services to the poor (Bigsten and Danielsson, 1999.)

Consequently, a new development plans was formulated in 1995 under the leadership of the new president Benjamin Mkapa. It emphasized on diminishing the intervention of the state in the agriculture sector with improving its trade relations with neighboring countries in the east of Africa. The result was the increase of the national economic growth rate to 5.2% from 1998 to 2003 (Utz, 2007.)

The goal of the successor national development plan that formulated in 1997 was social development based on the cooperative society that was formulated under the Arusha model. It aimed to distribute the economic gains to all segments of the society therefore the components of the plan were education, health care and women participation (The United Republic of Tanzania, 1997.)

With adopting the HIPC, the first national strategy for poverty eradication was designed in 1998 and it aimed to decrease the poverty to 50% by 2010 and the

absolute eradication by 2025. This strategy set the framework of the group of initiatives that targeted poverty eradication and the participation of local communities, women and other stakeholders in planning and implementing. The strategy attained to achieve 8- 10% economic growth annually (The United Republic of Tanzania, 1998.)

Before the new millennium, in 1999 the Tanzanian government proclaimed a long term national development strategy entitled Vision 2025 (Planning Commission, n.d.); the pillars of development are:

- Increasing the quality of live through providing a secured and sustainable access to the basic needs: food and water, primary education and health with emphasis on women equality
- Promoting the elements of good governance; basically fighting the faces of corruption and ensuring the rule of law. Additionally, encouraging political participation and embedding the insights of all stakeholders in development plans.
- Strengthening the national economy and increasing its competitiveness thus the growth rate has to be 8% annually by 2025; the inflation be decreased and local development be thrived.

The later national development plans have been inspired by the Vision 2025 and have met the requirements of the poverty reduction papers (PRSPs). The objectives of the PRSP that designed in 2000 are: reducing income poverty, improving human capabilities, containing extra vulnerability among the poor. And that guided by the principles of decentralization and participation of grassroots (The United Republic of Tanzania, 2000a.)

In 2004, the Tanzanian government proclaimed a distinct national development plan inspired by Asian development model and it targeted annual growth rate from 5-6 to 8-10%. The plan focused on foreign direct investment as a driver of development and creating special economic zones. Thus the government would reform banking system and improve the infrastructure to attract the foreign investments (The United Republic of Tanzania, 2004.)

The strategy of the 2005 aims at equal distribution of the growth; social protection to vulnerable people and accountability to combat corruption. The stability of economy and efficient institutions are determined the core of poverty reduction strategy (The United Republic of Tanzania, 2005.)

3.1.2 Funding the national development plans

The development plans that have been formulated after the independence were designed, funded and implemented by the ex-colonial power, the United Kingdom. While Nyerere built his model on self reliance, his argument is the basic elements of development are: land, people, good policies and leadership; therefore he suspected that foreign aid could lead to development. However, to start up his model, he depended on technical assistances provided by the BWIs and other donors such as advanced agriculture machines but he insisted to get loans not grants from donor organizations to limit their interventions (Havnevik, 2010.)

Applying the SAPs did not attract foreign aid at the beginning because the first application aimed to liberalize sectors slowly thus donors were not eager to send their disbursements to Tanzania. Only 35% of the expected foreign disbursements directed to Tanzanian governments. Accordingly, during the 1980s the total ODA allocated to

Tanzania dropped sharply from US\$700 million in 1982 to US\$ 487million in 1985. While with the second phase of SAPs, the ODA increased US\$ 1345 million in 1992. (Mbyoya Bagachwa et al, 1997). However, a drop was occurred and the foreign disbursements had diminished significantly which was led to 'Aid Fatigue' in the 1990 and each part the donors and the Tanzanian government pointed their fingers at each others. For bilateral donors and IMF; the high rate of corruption; insufficient of tax system and the poor capability of government to manage different sectors led to the ineffectiveness of SAPs. On the other side, the government argued that the performance of the government had been better than other developing countries, though that, the requirements of donors put burden on the bureaucratic system 'They [The key economic officials and ministers] are frustrated by the sheer number of frequent meetings, reports, and contacts that donors require' (Bagachwa, 1997.p. 5.)

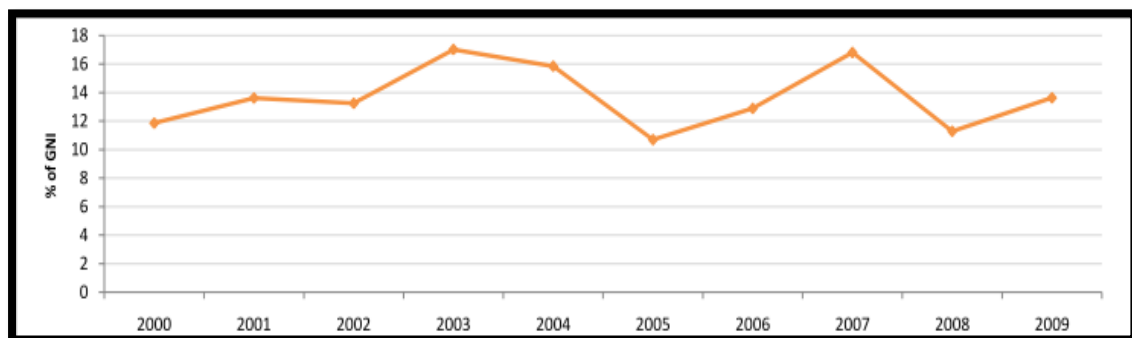
Later by the end of 1990 and after setting the rules of the relation between the government and donors, the foreign disbursements had been increased and became the essential source of the national budget. It consisted of 16% of GDP in 1997/1998 then increased to 24% in the 2004/2005 budget (Utz, 2007.)

However, the vision 2025 stated that the goal is to be free aid country 'Reactivate the commitment to self-reliance, and re-cultivate resourcefulness and savings culture in order to curb and overcome the donor dependency syndrome which has led many Tanzanians into unprecedented apathy' (Planning Commission, n.d., p.17.)

As well, funding the national poverty reduction strategy is based on foreign disbursements. For example the strategy shows that 13.5% of GNI in 2002 funded by ODA and most of them directed to social services and economic activities; while between 10% and 30% allocated to debt relief as a part of HIPC (The United Republic

of Tanzania, 2004). Moreover, the strategy inquired –explicitly- donors to provide technical assistances to NGOs and enterprises to enable them to provide social services and to assist the government in monitoring and evaluating the national strategy (The United Republic of Tanzania, 1998). The share of ODA in the GNI has not been less than 10% since 2000 and in 2003 and 2007 it boomed to more than 16% as shown in the next chart. The most of ODA has been going to debt relief; it valued 1,127.45 USD million from 2005-2009 and between 2006 and 2007 4,771.56 USD million allocated to debt relief (aid flow website.)

(Figure 1) Total Net ODA as a Percentage of GNI



Source: *aidflow website*

According to reports prepared by Tanzanian governments and the World Bank, debt relief and implementing neoliberal policies in the financial sector particularly have contributed in increasing the economic growth to reach 7% in the first decade of 2000s; however, the MDGs progress reports show that the number of people under the poverty line is increasing and it is difficult to decrease this number by 2015. Additionally, the unequal distribution of the income between the urban and rural areas has great impact on development (Ministry of Finance and Economic Affairs, n.d.)

3.1.3 Aid Management

Due to the socialist perception of building the state and development after the independence and the central concept of self reliance, the relation between Tanzanian government and donors had not undergone effortlessly. According to the national development strategy that based on Arusha, the government set criteria of foreign aid allocation that includes: aid must not affect the independency of the state; must not contradict with assets of socialism and goals of Arusha and must to be delivered in loans so the government could repay it (Bagachwa, 1997.)

Later, the crisis occurred in the 1990's and led donors to cut their disbursements to Tanzania. To combat this deadlock, Denmark initiated to form a committee to address the nature of relation between Tanzanian government and donors and it issued a report in 1995 called Helleiner's report. The committee was responsible for determining the rules of ownership and cooperation besides using better aid modality (Gerry K. Helleiner. et al, 1995.)

Regarding ownership, the report identifies a group of challenges that hinder the ownership. Donors have not transferred the content and tools of administrating the project to the government after running it and in some cases donors have maintained their upper hand on all components of the implemented projects basically in technical programs or projects that implemented by different donors. Furthermore, the required reform has focused on economic aspects and ignored the role of politicians in facilitating the progress of implemented projects. Above that, the conditions have been suggested and prepared by IMF and WB without negotiating with the government (Helleiner. et al, 1995.)

Accordingly the report recommends that the government has to design its national development strategy and to orient the bureaucrats with the segments of the strategy. Importantly, the government has the right to lead the implementation of all programs and projects even in the projects designed by donors (Helleiner. et al, 1995.)

The report argues that donor countries and organizations have been the main cause of lack of ownership because they have been seeking to show that they are the dominant of the development process; additionally, there has been evident that donors 'manipulate' to select national departments to work with because these departments have the same development priorities. Therefore, donors have to consult the recipient government from the first stage and compile between national priorities and donor imperatives (Helleiner. et al, 1995.)

Concerning donor coordination; the report points to the conflict of interests among donors and the government. For instance, negotiations have been occurred with sectoral ministry without involving other master ministries mainly the planning commission and treasury which led to disagreement; further, there were 2000 projects funded by only 40 donors and the number of parallel project management systems have been increased. These behaviors have led to less coordination (Helleiner. et al, 1995.)

The recommendations for donors are to decrease the parallel project management systems; to share information about their aid policies and priorities including debt relief; to hold joint consultative meetings to decrease the transaction costs and to promote the coherence between their aid and investment policies. Regarding the conditions and aspects of reform, they will be led by IMF and the government has to

establish an Inter-Ministerial Technical Committee (IMTC) to negotiate with IMF (Helleiner. et al, 1995.)

For the government; the government has to improve the capacity of bureaucrats and the key ministries of planning and budget have to develop guidelines for ministries to guide them in negotiation (Helleiner. et al, 1995.)

Concerning the aid modality, the report recommends that donors have to inform the government with the total disbursements directed to the country whether they will allocate to the national budget or channel to other non governmental entities. The report encourages donors to increase the aid allocation to sector or subsector rather than projects. Further, any disbursement has to be aligned to the national priorities. On the government side, it has to formulate its development plan for a long term to be easier for donors to design their aid policies; to improve the capacity of Ministry of Finance in order to be efficient in determining the real estimations of the national needs and expenditures. On the other side, the government has to reform the regulations and ways of collecting and allocating taxes to be more transparent and to fight corruption by the end (Helleiner. et al, 1995.)

Institutionally, the Planning Commission and the Ministry of Finance are the government bodies that receive from internal ministries the national needs and manage the relation with donors. The Panning Commission has been responsible for negotiating with donors and other stakeholders such as private sector; presenting the development vision; and monitoring the implemented projects; while the Ministry of Finance has to prepare the national budget; to manage debt policies and to supervise the aid disbursements. However, the capabilities of these two bodies have been

inadequate thus they have focused on applying the regulations without effective monitoring of disbursements (Bagachwa, 1997.)

With the PRSPs, the Tanzanian government established specialized institutions to manage aid. In 2000, the Tanzania Assistance Strategy (TAS) was formed, which is supervised by the Ministry of Finance, after a comprehensive assessment to the Tanzanian progress in macroeconomic reform; coordination with donors and democracy and governance. The results of the assessment showed that the number of parallel project management systems was high and the procedures of reporting and monitoring still put burden on the government bodies in addition to the high proliferation of projects; lack of transparency and accountability; the poor capacity of civil servants and the foreign consultants dominated the process of planning (The United Republic of Tanzania, 2000b.)

In order to counter these challenges, the TAS provides five year strategic national framework reflecting the policy framework, national development agenda, priorities and the required elements to ensure ownership and partnership. So the rationale of TAS is to encourage the principle of partnership within national stakeholders and between the government and donors ' development partners' (The United Republic of Tanzania, 2000b.) The TAS is replaced in 2006 by the Joint Assistance Strategy for Tanzania (JAST) to be the next medium term framework that guides the cooperation with donors. It includes as action and monitoring plans and donors have been included; there are 19 bilateral and multilateral donors. The JAST focuses on the role of government bodies to attain aid effectiveness according to the 5 principles of Paris Declaration. Concerning harmonization, it focuses on promoting harmonization between the government and the donors (the United Republic of Tanzania, 2007);

however, it does not explain the role of each donor though it targeted to increase the division of labour by 2007. It just tackles the nature and structure of the dialogue between the government and donors (The United Republic of Tanzania, 2011.)

In 2004 another institution was established "The Development Partners Group (DPG)". It includes 16 bilateral and 5 multilateral agencies. The ultimate aim is to handle the national arrangements based on the PRSPs, its objectives have been revised after the Paris Declaration to compatible with the principles of Paris declaration. Accordingly it aims to ensure sustainable dialogue among donors and the government; foster the harmonization among donors focusing on division of labour and lead partner, and lead the monitoring process and evaluation (The Development Partners Group in Tanzania website.)

Additionally, the Independent Monitoring Group (IMG) was founded to undertake the monitoring process and the data has been collected from the progress reports and the OECD and WB surveys. It links the objectives and activities with the international targets addressed in Paris Declaration.

3.2 Ghanaian Development and Aid Policies

3.2.1 The Pace of Development

Ghana gained its independence in 1957 with a satisfactory economic performance. Since it had humble debt and sufficient foreign exchange reserves, it was one of middle income countries in the continent. These adequate economic indicators coincided with the faith of Nkrumah to achieve development without depending on ex-colonial powers.

But, the experience of the sharp fall in cocoa prices in 1965 forced the National Liberation Council (NLC), which overthrew Nkrumah government in 1966, to get assistance from IMF to buffer this crisis. NLC government implemented IMF prescription: devalued currency and decreased public expenditures (Jean Harrigan & Stephen Younger, 2000 & Yvonne M. Tsikata, 2001). Since this time, the relation between Ghanaian governments and BWIs and Western donors has been lasting.

In 1983, the president Jerry Rawlings applied SAPs, which was the reference of the national development plan (Economic Recovery Program 'ERP'). Though Rawlings had socialist background, he agreed to adopt neoliberal policies for several economic and political causes. Economically; cocoa production declined because of droughts and poor agriculture policies. This decline in the main resource of national income led to cut in foreign exchange reserves and great deficit in trade balance. Furthermore; the government could not maintain the finance of state- owned enterprises (Tsikata, 2001 & Kwame Bofo- Arthur, 2007). Politically; Bofo- Arthur (2007) argues that SAPs was the only available exit to face economic setbacks. In addition, the lack of political opposition alleviated adopting SAPs as a rational reform. So, Rawlings implemented SAPs in 1983 to survive and after one decade in 1992 he accepted the political conditionality and held the first multi candidate election.

The ruling government, The Provisional National Defense Council (PNDC) formulated the Economic Recovery Program according to strategies of SAPs. While ERP divided officially into two phases: ERP 1 (1983-86) and ERP II (1987-89), some scholars divided it to six phases (Kwadwo Konadu – Agyemang & Baffour Takyi, 2001) others combined it into three phases (Tsikata, 2001). Regardless of the number of phases, the ERP emphasized on five areas of reform which are pricing reform, fiscal policy, structural policies, and institutional reforms (Tsikata, 2001).

On the short run, the program achieved notably economic progress. The GDP increased by 5% while the inflation rate decreased from 77% in 1981 to 9.5% in 1992, and trade barriers and tariffs were simplified and minimized (Tsikata, 2001). However, by the end of the 1980s, these economic gains fluctuated; moreover, education, health, and other social sectors decayed because of the cut in government expenditures. Consequently, the number of Ghanaians who live below the poverty line increased besides the private sector was not consolidated because of high interest rates (Konadu – Agyemang & Takyi, 2001).

These drastic effects compelled the government to propose the Programme of Actions to Mitigate the Social Costs of Adjustment (PAMSCAD) in 1987. This program received its acceptance from BWIs and Western donors. PAMSCAD is designed to reduce poverty through emphasizing on social policies, which were abandoned in ERP. Hence, it covers five main areas: community initiative, employment generation, actions to help the redeployed, basic needs of vulnerable groups, and education (Nii Kwaku Sowa, 2002.)

In spite of this effort to overcome negative effects of applying neoliberal policies, social conditions did not improve sufficiently. Inequality and poverty extended around the country (Jon Kraus, 1999); moreover, debt accumulated and Ghana became among 41 countries of heavily indebted countries due to dependence on external inflows with limited capability to serve debt (Konadu – Agyemang & Takyi, 2001, Harrigan & Younger, 2000).

After political transition in 1992, the NDC government proposed a national development plan called "Ghana Vision 2020". The ultimate goal of this plan is to be a middle income country by 2020 through achieving solid progress in five development areas: human development, economic growth, rural development, urban

development and an enabling environment. Additionally, to attain this goal, the National Development Planning Commission prepared a medium term 5 year strategy (1996-2000) as a first step (Government of Ghana, 1995.)

Ghana vision 2020 had been challenged by different reasons. Some argue that the role of the National Development Planning Commission was fragile and it could not defend the implementation of the plan, while others argue that the plan was not well formulated and the annual budget did not correspond to its initial objectives. (Government of Ghana, 2003 and Whitfield& Jones, 2009). However, the foremost reason is the change in political leader and elite when John Agyekum Kufour (the New Patriotic Party 'NPP') won the presidential election in 2000. President Kufour abandoned Ghana Vision 2020 and adopted the Heavily Indebted Poor Countries (HIPC) Initiative.

Accordingly Ghana formulated Ghana Poverty Reduction Strategy (GPRS). The first strategy GPRP I (2003-2005) attained to enhance economic growth with stability besides improve human conditions. It emphasized on adopting monetary, fiscal, and trade measures that increase production and facilitate the development of private sector; in addition, provide basic needs and public services in rural and urban areas. Thus the GPRS I priorities are: infrastructure development, modernized agriculture based on rural development, enhanced social services, good governance, and private sector development. And implemented programs and projects are defined to reflect objectives of the Millennium Development Goals (MDG) (Government of Ghana, 2003.)

The second phase of poverty reduction strategy (2006-2009) designed to 'attain middle income status (with a per capita income of at least US\$1000) by the year 2015 within a decentralized, democratic environment accelerate' (Government of Ghana,

2005, p. 5). Thus, the name of strategy changed to Growth and Poverty Reduction Strategy (GPRS II). The main development areas of GPRS II have not changed dramatically from GPRS I; they are: continued macroeconomic stability, accelerated private sector-led growth, vigorous human resource development, and good governance and civic responsibility. But GPRS II gives high priority to develop human resources through enhancing the quality of education and training and to modernize agriculture sector.

The current national strategy Ghana Shared Growth and Development Agenda (GSGDA) that covered the period 2010-2013 aims to reduce the poverty through increase the competitiveness of the private sector, stimulate the investment in gas and oil and maintain the improvement in agriculture sector. To supply the economy with needed components, it has retained to develop the capability of manpower; improve the infrastructure and the efficiency of civil services (Government of Ghana, 2010.)

3.2.2 Funding the national development plans

The availability of cash crops such as cocoa has secured the required fund for development plans therefore Ghanaian economy was stable. The national leader Nkrumah believed in self reliance however he accepted to get aid from the Soviet Union to counter the influence of the USA and the Western bloc (Harrigan& Younger, 2000.)

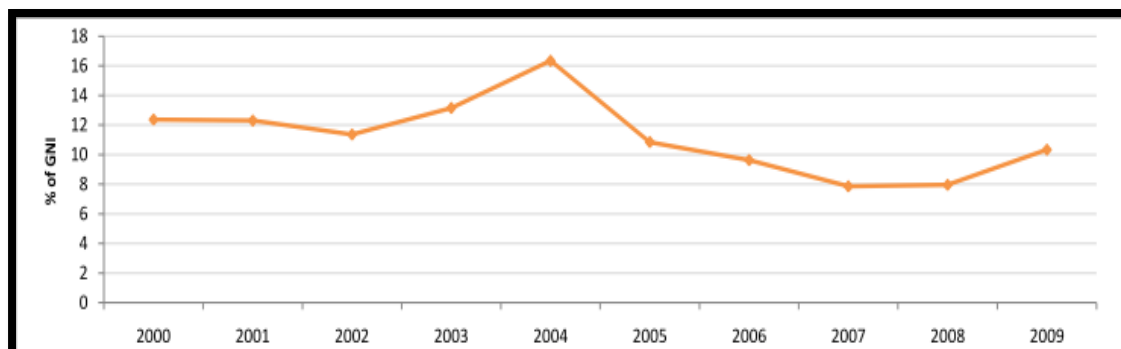
When the price of cocoa had fallen, the SAPs were implemented. Unlike Tanzania, donors allocated a lot of disbursements to Ghanaian government because of its adequate performance. The government received about US\$ 270 million in 1984 then increased about US\$ 10 million in two years (US\$ 385 million) and reached to US\$

480 million in 1990. Accordingly, the share of foreign aid of the GDP was about 10% in the late of 1980s (Chad Leechor, 1994.)

Consequently, the vision 2020 considers the official development assistance a major international resource that would provide financial and technical assistance. That attitude has been translated in the national development plans.

Ghana received about US\$770 million between 2001 and 2007 consisting of 25% of budget revenue and 6% of GDP. Grant disbursement represented 52% of average aid flows while Concessional loans averaged 48% of aid flows (Government of Ghana, 2008, p.7.)

(Figure: 2) Ghana: Total Net ODA as a Percentage of GNI



Source: aidflow website

The chart shows the constant share of ODA in the national income; there has been not dramatic change just in 2004 and that is related to debt relief. More important, the share of ODA has been decreasing to 8% in 2007 and 2008.

What's more, the government launched the Multi – Donor Budget Support (MDBS) in 2003 with 9 donor agencies; increased to 11 in 2008. Donors disbursed about US\$278 million to MDBS in 2003 increased to US\$ 525 million in 2010 because the MDBS

represents GPRS objectives and priorities the government commits to implement approved strategies (Dode Seidu, 2010 & Overseas Development Institute (ODI), 2007).

3.2.3 Aid Management

The Ghanaian government played a notable role in formulating and implementing ERP. As the government initiated and proposed the development plans both ERP and PAMSCAD then they were discussed with BWIs officials. In addition; the capabilities and coherence of Ghanaian technocrats made them lead the negotiation with BWIs effectively. Above all, BWIs and Western donors considered Ghana as one of successful stories in the continent; therefore they gave them wide spaces in bargaining and implementing (Jeffrey Herbst, 1993& Tsikata, 2001). Since implementing SAPs, both the World Bank and IMF have led negotiations and coordination between the Ghanaian governments and donor community. (Herbst, 1993& Tsikata,2001). The government of Ghana under Rawlings was a tough negotiator. (Whitfield& Jones, 2009). This position supported by the weakness of political opposition and the World Bank behaviors that maintained any economic setbacks to counter any opposition to SAPs (Tsikata, 2001.)

Furthermore, Whitfield and Jones (2009) argue that the second term (2007) of the NPP government is seeking to formulate a national development plan funded by national resources "by letting donors fund what they want and focusing its resources on what they will not fund, rather than trying to reshape aid to fit its needs" (p.212).

Apparently, the various Ghanaian governments aim to reduce its dependence on the foreign aid with utilizing the received amount of disbursements.

The government formulated in 2010 the Ghana Aid Policy and Strategy (2011-2015).

This strategy determines the relation between the government and donors in order to

reach the middle income country by 2020 after achieving the MDGs. Therefore the objective of the strategy are: ensuring the leadership of the government in planning and implementing development strategies; managing aid coordination with sharing responsibilities; designing the development strategy to be result driven and 'move[ing] beyond aid dependence' (Ministry of Finance and Economic Planning, 2010, p.16.)

More important, the strategy highlighted first the drawbacks which have delayed the effectiveness such as less commitment to the national priorities due to inadequate planning from the government side or donors have insisted to allocate aid according to their priorities and discard the national plan. Further, the government has not had a unified system to manage the disbursements and the relation between the master ministry and other ministries and sectors have not well identified. Donors have been sharing incomplete information about their policies and disbursements and their reporting systems have been fragmented (Ministry of Finance and Economic Planning, 2010.)

To counter these impediments, the strategy determines the rules to employ the principles of ownership and alignment besides effective managing of allocated aid. Regarding promoting aid coordination with the government from one side and among donors from another side, the government is committed to improve its administrative capacities mainly in collecting information and evaluation. As well, it will lead regular meetings between the donors and national stakeholders to set the funded programs according to the national strategy. Generally, the government believes that to manage the coordination with donors effectively might need to restructure the techniques of management and in this case it will include non DAC donors. On the other side, the government will work to persuade donors to provide the government

with complete information about their budget plans to increase the predictability. However, in the aspect of coordination among donors, the government let donors to formulate their joint activities without any recommendations! (Ministry of Finance and Economic Planning, 2010.)

Institutionally, the Ministry of Finance has been in charge of managing the relation with donors; in addition to The International Economic Relations Division (IERD) that includes the units of debt managements, aid management and technical cooperation; essentially, it serves as representative of the government to negotiate with donors and monitor their activities.

Project Management Units (PMUs) are affiliated to each sector and coordinate with IERD; supposedly, each ministry sent its needs and views of projects to the cabinet that approved on plans of ministries then directed to the ministry of finance to negotiate with donors the needed projects. However, donors preferred to deal directly with each ministry to avoid the process of approval on projects by the national government thus PMU deal with donors directly (Ernest Aryeetey and Aidan Cox, 1997.)

In addition to the master role of the Ministry of Finance, a group of frameworks and strategies have been formulated to tackle the cooperation between the government and donors.

The Ghana Partnership Strategy (GPS) was formed in 2005 as the primary arrangement combined all donors with the government. Through the annual meeting, donors with the government set the map of aided programs and projects according to the national development strategy; determine the harmonized actions and the techniques of monitoring and evaluation (Ghana Joint Assistance Strategy (G-JAS), 2007.)

Subsequently, in 2007 a detailed framework was formulated to determine the responsibilities of the government and donors. This framework is represented in the Ghana Joint Assistance Strategy (G-JAS) and it aims to ensure the alignment of donors with national development objectives and priorities which are inspired by the PRSP in addition to monitor the performance of the governments and donors. The G-JAS renewed every four years (G-JAS, 2007.)

Furthermore, the government designed distinct frameworks and monitoring groups to follow up the effectiveness of aid modality.

The government set the Framework Memorandum (FM) in 2003 as a base of negotiations with donors regarding the MDBS and it renewed in 2008. This memorandum is administrated by the Multi-Donor Budget Support Group to evaluate the commitments of the government and its way in managing the budget (Ministry of Finance and Economic Planning, 2010.)

As well, the Sector Working Groups (SWGs) headed by the government and the lead donor in the sector have been formed to review the performance and the budget in each sector (Ministry of Finance and Economic Planning, 2010.)

Additionally, annual review and progress reports are conducted to evaluate the commitments of each part to the agreed actions represented in G-JAS.

3.3 The Harmonization between UK and Denmark in Tanzania and Ghana

British and Danish aid policies allocate to reduce poverty and their approach is increasing the economic growth and the role of private sector in development process. Africa is the destination of British and Danish aid because the poorest countries are located in this continent.

Before the new millennium, the UK had not established country office in African countries while it applied its aid policy through three regional offices; the East, South and central Africa. Then it has proliferated its offices started by the offices in Uganda, Nigeria and Tanzania and in 2002 the Ghana and Rwanda offices were established (Morrissey, 2007.)

Table 1: UK: Total ODA to Sub Saharan Africa, Gross Disbursements

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
1215.48	1005.23	1471.36	2303.4	3826.56	5510.83	2703.22	2536.44	2533.23	2953.02

Source: OECD Stat Extracts

The table shows how the British aid increased significantly in 2006 due to British commitment in the G8 summit in 2005. However, its disbursements have fallen since 2007 due to the global recession thus it has not been able to meet its commitment to increase the share of ODA in the GNI by 2013.

Tanzania and Ghana have been the main destinations of British aid flows. The good performance of Ghanaian and Tanzanian governments in applying economic and political reforms has encouraged the UK to sustain its aid flow to increase them. The Minister for Africa, Henry Bellingham in 2010 affirms on the good performance of Ghana and Tanzania; he says, *'deploying wealth equitably through society will be essential for prosperity in the long run. In Ghana and Tanzania, with their strong institutions, they have been able to turn exciting opportunities to turn wealth from hydrocarbons into benefits that can be shared across society'* (FCO website.)

Table 2: UK: Total ODA to Ghana and Tanzania, Gross Disbursements

Year	2003	2004	2005	2006	2007	2008	2009	2010
Recipient								
Ghana	129.22	281.06	121.25	169.55	152	150.77	156.67	168.32
Tanzania	311.66	217.65	220.34	218.88	230.79	254.4	216.66	241.95

Source: OECD Stat Extracts

However the table shows the aid allocations to Tanzania are more than Ghana; what's more, the disbursements have been increased after the global economic crisis. This raise might be interpreted as the UK affirms in the white papers that it attains to allocate its aid to the poorest countries. Tanzania is still one of the poorest countries, though the high growth rate reached to 7%, the severe poverty is dominated in addition to inequality of income distribution.

Regarding Denmark, Tanzania was the first focus area of DANIDA after its establishment in 1963. Denmark strongly supported Nyerere's socialist policies and the Arusha model, it was explained that '*he [Nyerere] was inspired by the Nordic model*' p. 14, therefore, Denmark sent lot of experts to Tanzania and from the period of 1962-1975, Tanzania ranked the third recipient of Danish aid (Jesper Heldgaard og Jeppe Villadsen, 2012.)

As mentioned in the chapter two Danish aid policy is based on concentration on few countries with covering large development themes. Accordingly it focuses on 25 poor countries including 13 African countries (DANIDA website.)

Table 3: Denmark: Total ODA to Sub Saharan Africa, Gross Disbursement

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
427.6	396.75	442.16	510.41	589.17	749.31	833.63	884.17	838.33	813.73

Source: OECD Stat Extracts

The table shows how Danish aid has increased extensively; it is reflected the large share of ODA in GNI as it exceeds 0.8%. Notably there is significant increase after 2005 because of the international interest in poverty in Africa since this year.

Evidently, Tanzania has been major recipient country because of sharing the political premises and its geographic location near to the Middle East and the NATO operations in the Horn of Africa; while DANIDA started its operations in Ghana in 1989 and its first intervention through Danish NGO providing educational services (Demark in Ghana website.)

Table 4: Denmark: Total ODA to Ghana and Tanzania, Gross disbursements

Year	2003	2004	2005	2006	2007	2008	2009	2010
Recipient								
Ghana	56.7	59.72	56.71	66.15	72.13	85.41	88.38	102.04
Tanzania	90.2	95.5	84.82	95.31	90.07	119.24	106.85	129.45

Source: OECD Stat Extracts

Though Denmark in the Africa Strategy (2007) has classified Ghana and Tanzania with other African countries that received Danish aid as ' the poorest performance countries', the Table 4 shows a significant different of aid amounts allocated to Tanzania and Ghana as Tanzania has been receiving large disbursements.

Concerning the focus development areas, both Denmark and the UK prioritize poverty reduction operations that are designed according to the PRSPs thus there have not

been great contradictions between the national priorities and donors' priorities. However, Denmark has deployed its priorities in protecting human rights and migrations to the Ghanaian strategy and it has employed the East Africa integration in Tanzanian strategy (Denmark in Ghana website and Denmark in Tanzania website.)

Regarding aid modality, Denmark and the UK have channeled part of their ODA to the national budget 'multi donor budget support'. Denmark started to support the Tanzanian national budget in 2001 (Denmark in Tanzania website); however, it stopped its flows to the budget in 2006 because of corruption (African Forum and Network on Debt and Development, 2007). While in Ghana, the UK came in the second rank after the EU in channeling disbursements to the MDDBS in 2010 its share was 35% of the total allocation and Denmark came in the seventh rank after Netherlands and Japan (National Development Planning Commission, 2011.)

In Tanzania, a part of adopting sector wide approach, DAINDA has channeled its disbursements to the 'basket fund' with DFID and other bilateral and multilateral organizations in the health sector; local development program; public sector reform and the reform of the public financial management. (African Forum and Network on Debt and Development, 2007 and the Government of Tanzania and Development Partners, 2004.)

On the other side, DANIDA and DFID with other bilateral donors have used joint funding in programs targeted improving the business environment and monitoring public expenditure (the Government of Tanzania and Development Partners, 2004.)

In Ghana, Denmark has applied the same approach and it coordinated from 2007 to 2010 with Netherland in managing the fund allocated to water and sanitation sector and DFID delegated Denmark to lead the operations in this sector.

Further, Denmark and the UK have coordinated in conducting environment assessment; preparing joint programs to develop the transportation sector and economic governance. They have used 'pooled fund' in the programs of enhancing the capacity of private sector.

Denmark has led the operations in justice sector and it has taken the leadership to set common financial arrangements in the decentralization program; while DFID has co- led with the UNDP the operations attained democracy and civil society. Above that, DFID has delegated the EC and CIDA in education and transportation sectors and in agriculture programs (G-JAS, 2007.)

Apparently, Denmark usually takes the driver seat and that is reflected its foreign policy objectives while the UK prefers to delegate the authority to the appropriate donor.

CONCLUSION

The thesis is trying to explore the causes behind the limited implementations of the principle of harmonization. It examined the international scope as represented in Rome Declaration on Harmonization; Paris Declaration on aid effectiveness and ACCRA Agenda. These international declarations have tackled financial and administrative aspects of harmonization. The Rome Declaration elaborates the benefits of employing financial harmonization and entailing administrative reforms. The Paris declaration has been more precise as it sets indicators to measure the performance of donors and recipient countries. Nonetheless, the commitments in the international declarations have not been mandatory commitments; donors could determine the level and aspects of cooperation with the recipient government or among each other according to their circumstances.

What's more, the new global partnership that will replace Paris Declaration has not illustrated how this new architecture will monitor the performance of donor and recipient countries to meet their commitments; further, it has not explained if the new donors from developing countries will be committed to the Paris Declaration. Therefore the new global partnership has broadened aid architecture with the attainment of creating alternative resources for development but without identifying the techniques of measuring the effectiveness of development. What has been discussed the rationale of the new partnership and grand principles of the inclusive partnership and the South- South cooperation; this international approach will return back the relation between donors and recipient countries before the Paris Declaration.

Concerning the regional policies to manage harmonization, European Union and African countries have tackled this principle from different approaches. The EU has

emphasized on promoting coordination among its member states; while African countries have handled it as a factor in its relations with the external world. African countries on regional level have not developed detailed criteria to reform their administrative and financial systems further they have not set guidelines to assist countries in persuading donors to harmonize their operations.

The second chapter discussed the aid policies of the UK and Denmark; both of them met their commitments to Paris declaration. Their aid policies as declared in their strategies have been affected by the Paris principles on aid effectiveness. Consequently the aid architecture became a determinant of aid harmonization besides traditional motives of foreign aid

According to the proposed framework to measure the scope and the degree of harmonization between the UK and Denmark, the relation between them has reached the collaboration level; however, this collaboration is based on multilateral arrangements identified by the Nordic Plus and the EU. Both DFID and DANIDA have online database of their operations around the world; moreover, the OECD and Europe Atlas disseminate the different financial operations of DAC members. Thus the relation between the UK and Denmark has exceeded the first level 'consultation'. On the other side, allocating aid to fragile states became a focus area thus they have passed the level of cooperation. Through the Nordic Plus, Denmark and the UK agreed on procedures of delegated cooperation and the joint procurement and that reflects the level of collaboration.

Regarding the content of cooperation, Denmark has applied different approach in cooperation. It has not cooperated with any donor just with the 'like minded' countries and that is appeared in its operations in Ghana and Tanzania, Denmark has hardly cooperated with other donors and in case of cooperation it has taken the driver seat.

While the UK has built the cooperation on the comparative advantage thus it has delegated the financial or administrative authority to other donors in Tanzania and Ghana. On the other side, Denmark and the UK have shared information and agreed on financial procedures.

Despite the cooperation in procedures and practices, there are no bilateral agreements between the UK and Denmark and all different aspects of cooperation in Tanzania and Ghana have included other European donors in addition to Canada and Japan and multilateral organizations.

Geographically, Ghana and Tanzania are major recipients of British and Danish aid. Though the historical ties between Tanzania and Denmark and between Ghana and the UK, Tanzania have been receiving large disbursements form both donors.

Concerning the division of functions in the recipient countries, the PRSPs have determined the objectives and areas of intervention; therefore, there is no great different between Denmark and the UK in targeted areas. However, Denmark has adopted programs and projects that have been compatible with its aid policy besides supporting the national strategy. Further, as mentioned earlier, Denmark's policy is based on concentration on few countries with the proliferation of projects; for that reason, Denmark has hardly delegated cooperation and it has taken the lead of harmonized sectors in Tanzania and Ghana as a way to project its influence.

Accordingly, British and Danish aid have not been fully harmonized and when they agreed on aspects of harmonization, they conducted that on multilateral level; though trade relation is a critical factor in their mutual relation.

The aid policies of Tanzania and Ghana elaborate how the political will and the level of economic prosperity could determine the cooperation among donors. The Ghanaian aid strategy has included detailed aspects of coordination with the government and

among donors in addition to the responsibilities of the government and donors to obtain cooperation. This concerted strategy has reflected the capabilities and skills of the Ghanaian bureaucrats; moreover, there is clear national goal proclaimed in the national development strategies which is to be a medium income country by 2020. According to this ultimate goal, the Ghanaian government has been managing its local and external resources and utilizing the received aid. Additionally, the natural resources (cocoa and oil) have enabled the government to negotiate better with donors.

On the contrary, the spread of poverty and inequality of income distribution in addition to the absence of strategic natural resources have forced the Tanzanian governments to depend on aid. On the other side, the aid policy has designed on the five Paris principles not on its national development strategy; moreover, it has emphasized on the cooperation between the government and donors and determined the commitments and responsibilities that the government has to meet. The ineffective role of the Tanzanian government has not reflected the precedence of Tanzania in formulating the rules of delivering aid in 1995 via Helleiner's report.

Accordingly, the policies and the capacity of recipient countries affect the scope and degree of aid harmonization.

Regarding the perspectives on African intellectuals, Samir Amin (2009) proposed 'Alternative Development' to delink aid relations as drawn by the Western powers and institutions. It has five main dimensions: 1) a diversified system of production in order to start industrialization and the driving forces are state and local enterprises. 2) Social infrastructure to promote health and education; here, technical aid could afford reasonable impact. 3) Regional cooperation that reflected national needs and priorities not the liberal globalization. 4) Rural and agriculture development to secure food

production; however, Amin asserts that rural not urban development and farmers prosperity should be the ultimate goal of development. 5) Delinking external dependency through building regional institutions such as regional monetary funds; promoting regional markets and utilizing regional natural resources.

While Tandon (2009) developed a strategy to end aid dependency that focusing on economic dynamics in the state. The strategy consists of sequential seven steps:

- 1- *Adjusting the mindset to reorient power relations*: 'psychological liberation' of whole nation is a core component to define the best way to cut aid dependency.
- 2- *Budgeting for the poor not for the donors*: adopting bottom –up approach in planning the national budget in order to reflect the poor needs and priorities not donor agenda.
- 3- *Putting employment and decent wages upfront*: providing labor force in rural areas with advanced training, technology, financial resources and adequate social protection policies.
- 4- *Creating the domestic market and owning domestic resources*: develop 'a domestic demand – led strategy' to ensure food and energy security and to improve laws and regulations of land property, wages and tariffs.
- 5- *Plugging the resource gape*: decrease externalized expenditure to increase savings then cancel the resources gap.
- 6- *Creating institutions for investing national savings*: develop the physical and social infrastructure to facilitate domestic investment; in addition to strengthening financial national institutions namely the central banks.

7- *Limiting aid to national democratic priorities:* confining donors' intervention in national political structure through their calling for democratic governance and monitoring and evaluating national practices.

Tandon argues that adopting this strategy will not end aid disbursements from the North to the South but it will restructure the bases of aid relation with essential emphasis on national needs and priorities.

To end 'aid colonization', Murithi (2009) believes in regional integration accompanied with democratic governance to improve the state capacity in mobilizing and allocating its resources. On the other hand, he supports the notion of 'ethical aid' when aid allocated in transparent and integrated manner. Community participation in formulating fields of aid allocation is essential to aid decolonization.

Dr. Talaat Abdel-Malek (personal communication, May 17, 2012) the co-chair of the OECD Working Party on Aid Effectiveness asserts that the capability of the recipient country determines the scope and the level of aid effectiveness. To lead harmonized operations, the recipient country has to formulate well defined development strategy; determine the national resources and the amount of supplementary resources from ODA; determine the comparative advantage of each donor; apply effective monitoring system and conduct comprehensive evaluation shows the responsibilities of each part.

Dambisa Moyo, in her prominent book 'Dead Aid' (2009), urges for decreasing aid gradually and utilizing it. Her proposal to 'dead aid' is more likely to the idea of the new global partnership, she recommends fostering the regional trade; attracting the foreign direct investments with allocating them in productive sectors and stimulating the local resources through reforming banking system and encouraging SMEs. Additionally, she indicates to the significance of political will to obtain this goal.

The aforementioned perspectives reflect part of the reality and part of solution; Amin, Tandon and Murithi have well examined the current aid architecture; identified drawbacks and criticized its components. However, their proposals tackling grand good principles without developing actions under each principle further they have disregarded the role of political elite as a prerequisite to implement suggested strategies. I think it is worth to discuss how to limit the corruption of political elite and to convince them with the new paradigm of aid relation or 'adjusting the mindset' as Tandon argues. Additionally, they did not handle the procedures of fostering regional integration.

On the contrary, Dr. Abdel-Malek and Moyo developed their perspective from the current situation. Dr. Abdel – Malek has tried to refine the current architecture through confirming on increasing the ability of developing countries in negotiations with donors to adopt their needs and priorities. While, Moyo suggests mechanisms to empower the poor in the developing countries and utilize the received aid. However, I disagree with her and with other scholars who perceive China and India the best alternative to traditional donors. The scholars' arguments are built of the legacy of Africa is a poor country and need the others solidarity.

My point of view is the African perspective to end aid dependency needs more development to entail well defined minor actions and tools under each principle to implement it and to modify the current aid relation gradually. That is what donor countries and institutions have been doing they are focusing on developing minor indicators to convince the public opinion with their goals.

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