

## ROUNDTABLE 3: HARMONISATION TANZANIA – HARMONISATION OF REFORMS IN THE HEALTH SECTOR

### 1. COUNTRY CONTEXT: DEVELOPMENT PROCESSES AND CURRENT PRIORITY SECTORS IN TANZANIA

Tanzania is one of the poorest countries in the world with an estimated 40% of citizens living below the poverty line. Nevertheless, unceasing efforts have been made to cope with challenges in the social sector: **Sector-Wide Approaches (SWAs)** were started in the 1990s, related in 2000 to Tanzania's Poverty Reduction Strategy and oriented towards the Millennium Development Goals. Joining up these efforts with development partners and embedding them since 2003 in annual review processes has made Tanzania a pioneer as regards harmonisation and a successful example of **Programme-Based Approaches** in Sub-Saharan Africa.

The current priority sectors include health, HIV/AIDS and education, governance, public financial management, the private sector, trade, agriculture, natural resources and the environment. Recently, these priorities have been complemented by a strengthened focus on rural development and the local government reform programme. Major donors have been the World Bank, the African Development Bank, the EU and several of its member states, some Nordic countries, Switzerland, Japan, USA, Canada, UNDP and various other UN organisations.

Starting in 2002, the Government of Tanzania launched a framework for managing foreign aid resources within the **Tanzania Assistance Strategy**, an action plan

for harmonisation of procedures, including those to channel project funds through the Exchequer system. The Government-led process of formulating a **Joint Assistance Strategy** in 2006 was meant to bring together all development partners under a single strategic framework that guides their development assistance in line with the cluster-based and outcome-oriented **National Strategy for Growth and Reduction of Poverty (MKUKUTA in Swahili)** and the **Zanzibar Strategy for Growth and Reduction of Poverty (MKUZA in Swahili)**. It also aimed to fully take into account the international aid effectiveness commitments made in Monterrey, Rome, Marrakech and Paris and to adapt them to the

### 2. HARMONISATION OF HEALTH ISSUES IN TANZANIA

#### PRE-PARIS INITIATIVES: HARMONISATION THROUGH SECTOR-WIDE APPROACHES

Since 1994, development cooperation initiatives have been inspired by the independent Helleiner Report, which outlined recommendations for improving donor-government relationships. Endorsed by the initiatives of several like-minded donors and the Utstein Group (Netherlands, UK, Norway and Germany), Sector-Wide Approaches in the health sector were mainstreamed and **Tanzania was identified as a pilot country**.

The comprehensive reform in the health sector has been jointly targeted by the Tanzanian Government and the develop-

Tanzanian context. With the second-generation Poverty Reduction Strategy of June 2005, Tanzania became eligible for 100 percent debt cancellation under the Multilateral Debt Relief Initiative. Poverty Reduction Budget Support is gradually becoming performance-focused with a common Performance Assessment Framework to be used as a template for annual progress reviews. The process of linking public expenditure to the Medium-Term Expenditure Framework has involved all key stakeholders and is considered the established framework for the **policy dialogue** among and between both the Tanzanian Government and development partners.

ment partners from the outset as reflected in the Plan of Action (1996-1999), the Programme of Work (1999-2002) and the **Health Sector Strategic Plan** for the years 2003-2008. This strategic plan aims to improve the accessibility, delivery and quality of health care services. It involves nine different strategic areas and far-reaching reforms at all levels. It is linked to the national annual planning of the Government's Medium Term Expenditure Framework and embedded in the national poverty reduction strategy.

Implementation of the Health Sector Strategic Plan rests with the Ministry of Health, joined by the presidential office, which is in charge of local government and regional administration, and the corresponding





decentralised services and institutions of the private sector. The annual comprehensive council **health plans** reflect the public health priorities of all districts and are required for financing decentralised health-related activities, particularly from the Basket Fund. **Basket Funding** is supported by Denmark, the Netherlands, Ireland, Switzerland, Canada, the World Bank, UNICEF, the United Nations Population Fund, UNFPA and Germany. In addition, these “basket donors” cooperate with other donors to support the national health sector reform programme. In order to strengthen the implementation of the Health Sector Strategic Plan, the Tanzanian Government, making the utmost use of bringing together different aid modalities within a Sector-Wide Approach, asked for parallel support of the health reform through well-coordinated bilateral projects.

#### **HARMONISATION AFTER PARIS: REFINING HARMONISED INSTRUMENTS**

The Sector-Wide Approach started in the Tanzanian health sector in the mid-1990s can be considered an early move towards the objectives of increasing national ownership, harmonisation and alignment of aid, focused at the sector level. This focus was both confirmed and consolidated by the Paris Declaration. It promotes programme-based approaches, including Sector-Wide Approaches, and its target is for 66% of aid flows to be delivered in the context of these approaches by 2010. Thus, the use of the instruments applied in the health sector remains relevant and central

to the aid effectiveness agenda in Tanzania. Among the instruments established are an annual progress review involving all key stakeholders, financial monitoring as part of an annual public expenditure review based on a Medium-Term Expen-

diture Framework, and a joint external evaluation of the development partners. Making these instruments part of the political routine of implementing programme-based approaches will require further fine-tuning.

### **3. BENEFITS AND EFFECTS OF HARMONISING HEALTH ISSUES WITHIN A SECTOR-WIDE APPROACH**

Many initiatives with harmonised features were introduced at sector level in the 1990s in Tanzania. Various Sector-Wide Approaches exist in Tanzania, in health and education and within the Local Government Programme, and another SWAp is emerging in the agricultural sector. The joint health sector programme review has served as a model for other sectors.

#### **Strengthening a sustained partnership by building reliable structures**

The problems of coordinating more than 1,500 individual projects in the health sector were recognised as a common challenge in the 1990s both by the Tanzanian Government and the development partners. The process of mainstreaming a health Sector-Wide Approach was considered a great opportunity to improve and reform framework conditions in the health sector. Even though the implementation of these reforms based on basket funding initially appeared difficult to all development partners, the shared vision of improving the health system could be translated into an organisational structure that is considered an effective plan-

ning and management instrument. The structure comprises a Sector-Wide Approach Committee, the Basket Funding Committee, the technical committee of the SWAp and the Development Partners Group for Health.

#### **Adapting efforts for reviews to the needs of focused dialogue**

The intention of the sector reviews is both to provide a structured opportunity for reviewing performance and addressing specific issues, and for accountability for the resources used. There are usually in-depth studies on particular issues as well as field visits that look at the reality on the ground. Whilst these have been useful as a forum for performance review and accountability to various stakeholders, a common issue is the large number of persons involved in the annual review. For example, over 200 people were involved in Tanzania’s 2005 review; this number was reduced to 120 in 2006, but this is still too many for focused dialogue on how to address important issues.

### Need to discuss possible trade-offs between ownership and financing

The Sector-Wide Approach has led to a substantial increase in government ownership of health policies and strategies. A varying degree of ownership can be observed in connection with the introduced basket funding, as it increased ownership at district ministry level in particular. However, this overall increased ownership does not correspond with a greater share of government spending. Altogether, the health sector is supported

by a financing mix: domestic (tax-based) and external resources (general budget support, health sector basket and project / programme support), and complementary financing (fees for services; prepayment schemes and national health insurance). The available financing is extremely low in relation to the costs of delivering on health sector goals, including the Millennium Development Goals. In 2006/07, health comprised 10.8% of government spending, which is well below the internationally agreed target of 15%.

## 4. LESSONS LEARNED

The Tanzanian Sector-Wide Approach in the health sector provides a strong case that SWAps can make a contribution in terms of improved coordination, harmonisation, policy, planning and resource allocation. There is no conclusive evidence that they lead to a decline in transaction costs, though. And it is hard to judge the impact of the Sector-Wide Approach.

Cooperation and coordination in the health sector seem to have become much more complex. More partners have to be involved, while at the same time the districts' capacities for coping with planning, different financial systems and requirements of (impact) monitoring and evaluation have to be strengthened.

Altogether, the situation in the Tanzanian health sector has improved significantly compared to the 1990s. This may be due mainly to the availability of funds for dis-

tricts and health centres, the fairly adequate provision of medication, the increased supervision and the improved health management of the districts. Some health indicators show a clear trend towards improvement, though this is not yet general. Limited progress in terms of outcomes also reflects the linkage between Sector-Wide Approaches and framework conditions. The SWAp can strengthen systems, but it cannot achieve a transformation in public services and sector performance without adequate long-term funding, institutional capacity and suitably trained, motivated and deployed human resources.



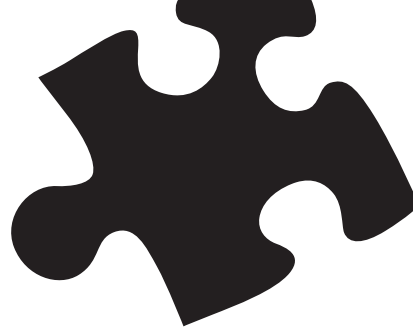
### LESSONS LEARNED BY THE PARTNER COUNTRY

- The close involvement of development partners in sector processes, with qualified technical assistance, detailed discussions on strategies and budget allocations, and detailed Memorandums of Understanding is supportive when it comes to representing sector interests in the financial policy dialogue. On the other hand, the development partners in the sector must achieve a difficult balance between trying to secure

progress in areas they see as critical, and avoiding micro-management so that government takes responsibility for decisions and assumes control and ownership thereof. Their close involvement also raises the issue of the extent to which development partners are accountable for progress in the sector.

- The move towards increased budget support requires the Ministry of Health to improve its capacities to work with

the Ministry of Finance to secure a larger budget allocation and to ensure it is released. The difficult move from sector funding arrangements (such as basket funds) to General Budget Support was well illustrated by the decline in non-staff recurrent budgets for district services when DFID switched from basket funding to General Budget Support, as the DFID contribution was not initially replaced.



## LESSONS LEARNED BY THE DONOR COMMUNITY

- Working on the basis of a Sector-Wide Approach and especially taking on the rotating role of the lead partner involves considerable political sensitivity, negotiation and facilitation skills. The training provided in chairing meetings and leadership to the staff member of the development partner, who will take over as lead donor, has been a good starting point. In addition, the partner group needs an understanding of public sector reform, public finance management, health financing and procurement as well as health technical issues.
- In the medium term it would be desirable for the development partners role in policy dialogue and holding government to account to be taken over by domestic constituencies including NGOs interested in health, political representatives and central ministries such as finance. The Sector-Wide Approaches have not been well designed to encourage this participation in sector dialogue and oversight. Fortunately, this neglect has been recognised. The inclusion of civil society and local actors in the process of formulating the second poverty reduction strategy was followed by
- the Government's invitation of civil society representatives to annual reviews. This may also show initial results in the health sector.
- Even though both the Tanzanian Government and the development partners aimed to improve the inclusion of NGOs and the private sector, the health reform and the health Sector-Wide Approach have not yet contributed significantly to Public-Private Partnerships.

## 5. OUTLOOK: WHAT ARE THE CHANCES OF ENHANCED COORDINATION?

In Tanzania, ownership in the health sector has steadily increased since the concept of Sector-Wide Approaches has been translated into concrete sector activities.

This is even more the case since basket funding mechanisms were introduced. They have contributed to increased ownership particularly at the lower and middle level of the Ministry of Health and at the decentralised levels of the health system. They have improved budget planning processes. Nevertheless, the financing of health sector reforms remains dependent on the overall budget planning

and negotiation processes within the Medium-Term Expenditure Framework.

For the time being, transaction costs have tended to increase as the development partners have to cope with more complex coordination and consultation processes, and the decentralised actors have to contend with more complex planning and reporting requirements.

Nowadays, the health Sector-Wide Approach is increasingly being bypassed by **emerging global funds and initiatives:** The Global Fund against AIDS, Tubercu-

losis and Malaria, the Clinton Foundation, the Bill Gates Foundation, the PEPFAR-Bush Initiative. Since these offer sizeable financial resources and sometimes negotiate them directly at higher government levels, line ministries are excluded and SWAp structures and mechanisms are ignored. Furthermore, they are often poorly adapted to the local capacities. As they require a large number of staff, these "vertical" global fund programmes jeopardise both the implementation of the health sector reform and the quality of health services provided on a routine basis.