

Tanzania

ACRONYMS AND ABBREVIATIONS

MKUKUTA	Mkakati wa Kukuza Uchumi na Kuondoa Umaskini Tanzania (National Strategy for Growth and the Reduction of Poverty)
PMS	poverty monitoring system
RALG	Regional Administration and Local Government (Office of the President)

History and Context

Poverty monitoring arrangements in Tanzania are significantly affected by the country's poverty reduction strategy (PRS) process, as well as by the systems and traditions of the government. The following background features have greatly influenced the country's poverty reduction efforts:

This chapter is based on a background country report by David Booth (2004) and inputs by Johannes Hoogeveen and Louise Fox. The country report was completed in 2004. Tanzania adopted a second poverty reduction strategy (PRS II) within the National Strategy for Growth and the Reduction of Poverty (MKUKUTA) in June 2005. This led to significant changes in the poverty monitoring system. Some points in this chapter may therefore no longer apply; however, the authors have made an effort to indicate specific instances within the text. The historical situation is nonetheless instructive in terms of the problems faced early on in the poverty reduction strategy process.

The PRS builds on a long tradition of planning to achieve economic and social goals. Poverty eradication strategies predate the PRS initiative; they stretch as far back as 1964. These strategies were, however, mostly technocratic exercises, often donor driven, and not well linked to political processes.

The national policy process showed a tendency toward fragmentation. There are no central institutions capable of guaranteeing overall policy coherence, with the result that policy formulation tended to be disconnected from implementation. At the end of the 1990s, reform plans were formulated without reference to resource constraints and without feedback from the ground. There was no real cabinet function, and funding for government departments was unpredictable. Monitoring was therefore a low-stakes activity.

Fragmentation increased over the 1990s and was exacerbated by uncoordinated donor activity. This reduced the chances of translating formally agreed public policies into action. The Poverty Reduction Strategy Paper (PRSP) initiative reflected these tendencies.

The cabinet agreed on Tanzania's full PRSP in mid-2000. The PRSP was not, however, coordinated with the medium-term plan for economic growth and poverty reduction, and this resulted in both obstacles and opportunities in the development of the poverty monitoring system (PMS). Most of these points have been addressed through *Mkakati wa Kukuza Uchumi na Kuondoa Umaskini Tanzania* (the National Strategy for Growth and the Reduction of Poverty, MKUKUTA).

Description of the PRS Monitoring System

Origins of the system

When the cabinet agreed on Tanzania's full PRSP in mid-2000, the PRSP contained little detail regarding the appropriate framework for *monitoring* the strategy's implementation. Later that year, agreement on the institutional framework was reached. The framework envisaged the establishment of a national poverty monitoring steering committee that would report to a PRSP technical committee that was already functioning. Moreover, the need for smaller specialized technical working groups was identified and agreed upon. Following additional elaboration, the structure of the PMS was defined in the poverty monitoring master plan issued in November 2001. This coincided more or less with Tanzania's completion of the

Heavily Indebted Poor Countries Initiative, which had been made conditional on one year of successful PRSP implementation.

While the *monitoring of the PRS I* appears to have gotten off to a slow start, it was, in another sense, already in place. Various monitoring activities were under way, and the monitoring of the national poverty eradication strategy of 1998 had already been included among the duties assigned to the Poverty Eradication Division (PED) in the Office of the Vice-President.

Main institutional actors

The institutional framework agreed at the October 2000 workshop comprised the following institutions.

The *national poverty monitoring steering committee* is supported by the PRSP technical committee. It is a broad-based committee; the members represent key ministries involved in the PRSP, civil society, academic institutions, the private sector, religious groups, and international development agencies. Its key responsibilities include overseeing the monitoring process and guiding the preparation of the annual report.

The *poverty monitoring secretariat* supports the steering committee. It consists of key staff members in the Office of the Vice-President, the Ministry of Finance, and the Office of the President (Planning and Privatization). It organizes committee meetings, liaises with the working groups, and prepares working papers. In addition, it serves as a central clearinghouse for documentation, provides information to stakeholders, prepares financial reports, and coordinates the consultation process.

The *technical working groups* became operational in May 2001. Their first task was to produce inputs for the poverty monitoring master plan. In addition, the working groups were required to oversee the implementation of this plan, as well as the major outputs of the PMS. To facilitate cooperation, there is overlapping membership among the groups. The four technical working groups include the following:

- The *survey and census group*, chaired by the director general of the National Bureau of Statistics, coordinates the production of poverty-relevant data sets through household surveys and the population census. This group includes representatives of the National Bureau of Statistics, the Eastern Africa Statistical Training Center, the Bank of Tanzania, the Planning Commission, academic institutions, the Macro-Policy Group on Gender, and international development agencies.

- The *routine data group* is coordinated by the Office of the President (Regional Administration and Local Government, RALG). Because most data sources are linked to service delivery and services are increasingly becoming decentralized, this group works mainly at the local level. It reviews current systems, develops indicators, suggests system improvements, determines baselines, and assists in capacity building. The group consists of representatives of the RALG, the local government reform program, ministries responsible for major sectoral data systems, the National Bureau of Statistics, and international development agencies.
- The *research and analysis group* is chaired by the director for macro-economic planning in the Office of the President (Planning and Privatization). It sets priorities in research and analysis and proposes funding mechanisms. Research on Poverty Alleviation, a research institute, provides a secretariat. Membership includes representation from the government (Office of the Vice-President), the Central Bank, the National Bureau of Statistics, academic and research institutions, civil society, gender groups, and international development agencies.
- The *dissemination, sensitization, and advocacy group* is chaired by the director for poverty eradication in the Office of the Vice-President. It is responsible for ensuring that PMS data and information are presented to stakeholders in a user-friendly format. The group includes representation from the Office of the Vice-President, the RALG, the Office of the President (Planning and Privatization), the Ministry of Finance, the Ministry of Education, the National Bureau of Statistics, civil society organizations, international development agencies, and the private sector.

Changes in the pipeline: problems already identified

Although the system is new, it has integrated many existing elements and inherited problems from existing poverty monitoring activities. A number of technical working groups are facing difficulties in maintaining their overlapping memberships, particularly in retaining links with key users on the policy side. This is partly because demands on people's time, especially within the government, are so substantial.

The location of the secretariat (and the principal entity receiving donor-funded technical support) in the Office of the Vice-President was already fixed. The monitoring of budget execution was formally defined as one of the activities encompassed in PRS monitoring. Together with the

limitations on the budget process at that time, the institutional division of labor tended to engender a situation in which results monitoring occurred in parallel with arrangements for strengthening the financial accountability of ministries, departments, and agencies. However, the problem is now being addressed.

There is also a duplication in planning processes. The Office of the President includes a division for planning and privatization, which runs a medium-term plan for economic growth and poverty reduction that overlaps with the PRS. There is no consultation between the two entities, and, while the medium-term plan was sent to Parliament, the PRS was not.

Several of these arrangements are set to change as a result of the alteration in the content of the PRS, the new structure that the government adopted after the elections, including the transfer of the PED to the new Ministry of Planning, Privatization, and Empowerment, the new poverty monitoring master plan, and the new budget guideline process. It may, however, be significant that the initiative to strengthen the link between the PRS and the budget arose through the external evaluation commissioned for the 2004 Public Expenditure Review.

Overall Status

Although the PRSP has resulted in a change of direction, substantial progress is heavily dependent on the improvement of other government systems, more particularly, public service reform and budget reform.

Due to the fact that the PMS competes with other monitoring and reporting requirements for budget support, the relationship between these two is a key issue for the future. The link to the budget is generally weak, but some progress is evident in the fact that the World Bank Public Expenditure Review has become an annual assessment process that is led by the Ministry of Finance and that is relatively participatory. There is a fully functional medium-term expenditure framework and a technically advanced financial information system that allows the monitoring of budget execution.

The PRS has succeeded in increasing the absolute level of resources going to priority sectors (for instance, primary health and education, water, rural roads, and agriculture). However, the increase in resources comes mainly from donor funding, while government resources are being applied elsewhere. According to the government, the priority sector concept is too rigid. The PRS II has abandoned priority sectors in favor of cluster

strategies that articulate pro-poor policies across almost all sectors. Now, inputs into the budget formulation process will have to be justified with reference to these cluster strategies, that is, in effect, sector policy makers have a material incentive to develop outcome-oriented rationales for what they do with their allocations from public resources. For the first time, they are being given reasons to make use of data on results.

In a direct complement to this, the PMS has made impressive progress in the production of survey data, including a household budget survey, a Demographic and Health Survey, a census, and a labor force survey.

The working groups have proved too burdensome for some members, with the possible exception of development partner members who are over-represented in the system, and, as a result, attendance has become irregular. Moreover, agencies are often territorial about their own monitoring and evaluation activities, and this is a problem that cannot be solved simply by adding more committees.

Key Topics

Ownership

Ownership revolves around whether the PRS and monitoring system are institutionally mainstreamed. Based on policy traditions, the risk is that the monitoring system will track results for which no one is held specially responsible. In order for a substantial change to occur in the levels of commitment and accountability within the country, there is a need to link negotiations over budget allocations to results-oriented cluster strategies.

Leadership of the system

Key oversight rests with the national poverty monitoring steering committee, which includes ministries, broad civil society representation, and international development agencies.

Coordination

Coordination of the system is assigned to the PED. At the apex of the system, the PRS technical committee is nominally responsible for key outputs such as the annual progress report, but has lacked clear terms of reference. Initially, an official of the Ministry of Finance chaired the

committee rather tentatively, although observers have noticed improvement in the last year or so. The poverty monitoring steering committee is thought by some to be too large for the chair (the permanent secretary, Office of the Vice-President) to manage effectively.

The overburdening and understaffing of the PED has been an issue for several years, and the option of restricting the mandate of the PED to monitoring and allowing another body to take over the coordination of the process may well be proposed. This may have political ramifications, however, and may address the problem in a merely administrative way.

Participation

Participation is institutionalized through the membership of civil society organizations on the steering committee and in the technical working groups.

Indicators and data sources

In practice, the PMS is restricted to impact and outcome indicators and neglects input and output (intermediate) indicators. As a result, it is not particularly useful for annual progress reports. Since the late 1990s, *survey data* have been relatively good. The research and analysis working group is backed by a number of respected research institutes, including Research on Poverty Alleviation, which acts as the secretariat. The Poverty and Human Development Report is the main output; it contains frank, serious analysis. However, the report points out that some of the data it uses are not suitable for annual reporting.

Tracking intermediate (input, process, and output) indicators is essential to fulfill the role of PRS monitoring arrangements in feeding useful information back to decision makers. This relies to a very important degree on routine data systems such as administrative and financial reporting and management information systems. Tanzania suffers from the usual problems encountered in many other countries, including a lack of skills and weak incentives at the local level, inconsistent indicators, and poor coordination (including within sectors), particularly between line ministries and local governments.

Data producers rarely have access to or use the analyzed data. While the local government reform program aims to make some local analysis possible, this is still part of a bigger plan. Moreover, there are indications

that routine data gaps vary across sectors. For instance, statistics collected by the Ministry of Education and Culture are relatively reliable, which is in direct contrast to those collected by the Ministry of Health. In some sectors, for example, agriculture, almost no data are available.

An additional challenge relates to the functioning of the routine data group. Over the years, this group has failed to coordinate the routine data collection that is at the core of its mandate. The biggest issue relates to the fact that meetings, which are the responsibility of the RALG, are held irregularly and are poorly attended. According to some sources, the root of the problem lies in the fact that, for the RALG, the role of coordination is secondary to a major reform process the RALG is coordinating in local government.

Efforts are being made to tackle problems related to routine data, and, in the new PMS, the routine data group and the survey and census group have been combined under the joint leadership of the National Bureau of Statistics and the RALG.

Products

Annual progress reports constitute the main output of the PMS and are expected to provide useful annual feedback to both stakeholders and donors. However, because a PRS monitoring was originally skewed toward measuring impact and outcome indicators and lacked a strong focus on action, it was not particularly suitable for annual performance monitoring. There was therefore no formal logical framework setting out the chains of causation from policies and programs to final impacts. (This is expected to be addressed in PRS II.) In general, an absence of intermediate indicators, such as in this case, makes the measurement of accountability more difficult.

By contrast, budget-support performance assessment framework reviews are action focused in that they are specifically concerned with improving the functioning of public institutions and providing a broad indication of how each measure would contribute to PRS objectives.

It is necessary to consider more closely why the annual progress report lacks the features that would allow budget-support donors to rely on it to a greater extent and how this situation may be changed. Ultimately, aligning the annual progress report with minimum requirement donor reporting is a widely acknowledged challenge. (This has been addressed, to a large extent, in the new performance assessment framework and PRS II.)

Dissemination

Although the dedicated dissemination, sensitization, and advocacy group is a useful innovation, its results have been disappointing. There is a specific job to be done in linking up the potential data user and helping to generate a culture of evidence-based policy thinking. In practice, however, while this group seems to have done a fair amount of dissemination, it has not done much of the related sensitization or advocacy. Some of the other working groups see it as redundant and serving principally as a mailbox for the glossy reports they have produced.

Obstacles to greater data use arise predominantly from the incentive structures within the government. Although useful promotional activities could be undertaken, changes in the budget process are more likely to motivate the use of evidence-based results, and sensitization can accelerate this process.

The link to the policy process

It is a general finding that PRSPs are more effective if there is a means of translating the objectives of the strategy into priorities for public policy through the process of formulating and executing the national budget. Although Tanzania has not been in the forefront in this respect, there are a number of favorable features in the country's approach. There is a fully functional medium-term expenditure framework, program budgeting, and a good financial information system. On the negative side, however, there is limited accountability for policy results, and demand remains low.

A direct link to the PMS is now being established; key ministries are being required to provide outcome-oriented rationales for annual budget submissions. However, there is a danger that the delivery and monitoring systems for poverty reduction budgetary support will swamp the system of the national budget. The donor performance assessment framework integrates the World Bank's Poverty Reduction Support Credit monitoring framework. Strengthening the relationship between the performance assessment framework and the PRS monitoring system is therefore critical for aligning budget support with national policies, an issue that has been addressed in the new performance assessment framework.

Donor alignment

There has been a shift toward more budget support and improvement in the relations between the government and donors that predate the PRS and

are symbolized by the commitment to produce a joint Tanzania assistance strategy. This has encouraged donors to assign a greater proportion of funds to budget support, which now accounts for close to 50 percent of official development assistance. Sectoral and cross-cutting common basket funds have also become more important. The government has not yet taken steps to include these in the medium-term expenditure framework sectoral ceilings, however, which would have the effect of equalizing the incentives facing ministries in terms of budget allocations and donor projects.

Lessons

Overall, the PMS in Tanzania appears coherent and well designed and includes some useful innovations. The system is quite complex, however, and faces a number of key challenges. A review of the structure and approach of the PMS is expected following the revision of the PRS. This will be a useful opportunity to revisit a number of organizational issues that have been pending since the elaboration of the poverty monitoring master plan.

In countries with PRSPs, monitoring activities have the potential to contribute to three principal dimensions of the PRS:

- greater commitment to and accountability for poverty reduction efforts within the country (country ownership)
- greater results orientation in national policy processes
- creation of the proper conditions so that poverty reduction efforts can take the form of a genuine partnership between national and international actors

The following options and lessons reflect these three dimensions.

Country ownership: Monitoring arrangements best serve in promoting country commitment to and accountability for poverty reduction policies if they are closely linked to a politically supported and maturing budget process. There has been difficulty linking the PMS (under the first PRS) to budget allocations. However, there are indications that, under PRS II, a more effective form of budget link is being introduced. This has already generated new demand for PRS-related information and confirms the proposition that poverty monitoring arrangements will always be affected by the surrounding institutions for policy making and public expenditure management.

Results- and evidence-based policy making: Routine data systems not only produce information of uneven quality, but are characterized by considerable duplication and waste. Although more significant efforts to tackle this issue have been placed on the agenda by the PMS review, the issue of incentives, which is often a key to enhancing the demand for monitoring data, also needs to be recognized on the supply side. While this does not represent a complete response to the problems in routine data collection, it should help reinforce the demand-supply relationship and the use of these statistics. In the end, however, the promotion of results-oriented policy will not be accomplished within the poverty monitoring sphere itself, but will occur as a result of the quality of the incentives generated in the wider system.

Enabling more effective partnerships: Tanzania's PRS matrix focuses mainly on outcomes, while, as a result of strong donor influence, policy actions are itemized separately in the performance assessment framework matrix. There needs to be a gradual convergence of the two instruments, and donors should align around the common instrument.

Finally, the role of poverty monitoring arrangements will always be greatly affected by the surrounding institutions involved in policy making and public expenditure management; these may be expected to change under the influence of political considerations and other factors. Indeed, recent changes have resulted in significant shifts in efforts to address many of the problems that plagued the first PMS.