

INTERNATIONAL MONETARY FUND AND
THE INTERNATIONAL DEVELOPMENT ASSOCIATION

TANZANIA

**Poverty Reduction Strategy Paper
Joint Staff Assessment**

Prepared by the Staffs of the IMF and IDA

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I. INTRODUCTION

1. The government of Tanzania has placed increasing emphasis on addressing poverty and enhancing human development in recent years. The 1997 National Poverty Eradication Strategy (NPES), which set out long-term poverty reduction goals consistent with the international development goals, has been followed by the medium-term expenditure framework (MTEF), focusing on priority sector areas and the preparation of poverty indicators. These initiatives have involved a broad process of consultation, including civil society and the donor community. The Poverty Reduction Strategy Paper (PRSP) builds on these efforts.
2. The preparation of the poverty reduction strategy (PRS) has been characterized by strong country ownership and the broad-based participation of civil society. It provides solid foundations for attacking poverty and represents a major advance from previous poverty alleviation efforts. However, the staffs note that some elements of the PRSP are still being developed, and the PRSP remains a work in progress. The Government has indicated that the first annual PRSP progress report will reflect further work on data collection, poverty diagnostics, sectoral strategies, monitoring systems, and costing exercises.
3. The authorities' ability to produce a PRSP in half a year reflects the wide experience in participatory processes, as well as the fact that many elements of the strategy were already well developed. One result was that some issues were not addressed as fully as would have been desirable. One factor behind the speed with which the paper was prepared was the authorities' wish to move as quickly as possible to the HIPC completion point. Despite the brevity of the process, however, the PRSP has already resulted in a number of shifts in policies, such as the plan to remove primary education fees; moreover, plans for reforms in areas such as governance are being reviewed as a result of the emphasis in the public debate.
4. The Joint Staff Assessment summarizes the views of the staffs of the IMF and the IDA on the content and process of the PRSP. Section II of this assessment outlines

Tanzania's PRSP process, while Section III highlights the main features of the PRSP. Section IV contains the staffs' conclusions.

II. THE PRSP PROCESS

5. The process of preparing the PRSP, summarized in the main text of that document and described in detail in its Annex I, has followed closely the plans described in the Interim PRSP (I-PRSP). The staffs note that the consultations, guided by a cabinet-level Ministerial Committee, built on the participatory processes developed in the context of the NPES, the Public Expenditure Review (PER), and the Tanzania Assistance Strategy (TAS). The government organized workshops in seven zones in the country in May 2000 to solicit the views of villagers, village and district authorities, and nongovernmental organizations (NGOs) on the causes of poverty and on policy priorities. The discussions indicated a broad consensus on the priority of accelerating economic growth, as the main tool for poverty reduction, and on the ongoing agenda of structural reforms. Further discussions were held with multilateral and bilateral donors (which also provided technical assistance) and a separate workshop was held with parliamentarians. The findings of these consultations were included in both the diagnostic chapter of the PRSP and in the strategy.

6. The targets, priorities, and actions outlined in the draft PRSP were again discussed in a national workshop in August 2000, which included high-level central and regional authorities, private sector organizations, the donor community, and the media. Following a further review by regional authorities, the PRSP was approved by cabinet on August 31, 2000, subject to some editorial redrafting. The PRSP was submitted to the IDA and the IMF on October 11. The government intends to deepen the participatory process during the implementation of the PRS. The NGOs are also coordinating their interventions to increase their effectiveness and to enhance their participation in the monitoring and evaluation of the PRS.

III. MAIN FEATURES OF THE PRSP

Summary

7. Poverty reduction has been a policy objective in Tanzania for four decades, but the policies were insufficiently growth oriented and expenditure programs were typically under funded and poorly prioritized. However, in the past few years, the PRS has been radically transformed:

- Policies for sustained economic growth are now assigned high priority and the importance of maintaining macroeconomic stability is fully acknowledged. Moreover, the PRSP lays out the remaining long-term structural challenges and discusses measures and expenditure programs to address them in the framework of a prioritized medium-term action plan.
- The strategy has evolved through a broad-based participation process. Listening to the poor, to civil society, NGOs, and various other stakeholders has allowed the government to recognize and address the multidimensional aspects of poverty.

- Given the fragmentary statistical data on poverty, the need for further work on reform strategies in some key areas and the uncertainty about future financing resources, the PRSP recognizes that the current PRS is a work in progress that will be refined as new information becomes available.
- Finally, the PRSP correctly recognizes that the struggle against poverty will require better donor coordination, improved integration of external assistance into the budget, and simplification of aid disbursement procedures.

8. In line with indications provided in the I-PRSP (paragraph 6(a)), the PRSP includes: a national poverty line;¹ medium-term poverty reduction targets, including monitorable indicators covering income poverty and priority sectors such as primary education, primary health care, rural roads, water supply, the judiciary, and HIV/AIDS; there has also been a shift in budgetary resources toward these priority sectors. Moreover, the Tanzanian Authorities have taken a number of specific actions, as reported in Box 1.

Box 1. Measures Implemented Since I-PRSP

Poverty Data and Strategy

- Review of the Poverty Reduction Strategy in the Consultative Group Meeting (May 2000)
- Launch of Households Budget Survey (visited 6000 households)
- Launch of Pilot Labor Survey
- Launch of school mapping in 50 local authorities
- Completion of the Tanzania Assistance Strategy

Revenue system

- Streamlining of taxes on petroleum products and elimination of VAT exemption
- Streamlining of excise system, with remaining excises on petroleum products, beer, cigarettes, beer, wine, and soft drinks
- Elimination of exemption on government purchases of petroleum products

Priority spending, budgeting, and expenditure controls

- Increase of 70 percent and 34 percent in nominal spending on core priority goods and services and wages, respectively, in budget for FY 2000/01
- Update of Medium Term Expenditure Framework incorporating poverty priorities
- Introduction of Government Finance Statistics - based classification on central government level
- Introduction of Integrated Financial Management System at central government level
- Presentation of Public Finance Management Legislation to parliament.

¹ During 2000, the National Bureau of Statistics, with assistance from donors, has put together a database on poverty using the 1991/92 Household Budget Survey and the 1993 Human Resources Development Survey. A poverty baseline was established (using the 1991/92 survey) for Tanzania for the early 1990s. The baseline will represent the starting point against which progress will be measured next year using data from the 2000/01 Household Budget Survey. See “National Bureau of Statistics and Oxford Policy Management Ltd., ‘Developing a Poverty Baseline,’ May 2000.”

Poverty diagnosis

9. Tanzania is one of the poorest countries in the world. Information on poverty incidence and on the characteristics of the poor is available, but it has become outdated, making it difficult to assess precisely poverty and inequality changes over time. Efforts were made during the preparation of the PRSP to update the 1991/92 poverty estimates, but these were only partially satisfactory. Thus, the PRSP adopts the 1991/92 estimates of poverty incidence (which are based on a sound household budget survey (HBS)) as the 2000 poverty baseline.² Under the circumstances, this appears to be acceptable. Partial information, as well as findings from the consultations with civil society, indicates that poverty has stagnated, and that some social indicators have worsened, but that the main characteristics of the poor have remained unchanged.

10. The absence of recent data means that the PRSP contains little information on the impact of recent economic policies, but the staffs share the general view expressed in the PRSP that the lack of progress in poverty reduction can largely be attributed to low economic growth and poorly targeted (un-programmed) cuts in public spending following the fiscal deterioration during 1993–95. The staffs agree that, as described in the PRSP, the poor performance of agriculture has been particularly important for the deterioration of living standards in rural areas. Reasons for poor agriculture performance include adverse climatic conditions (during 1995–98), weaknesses in the management of the reform process, and partial implementation of many market liberalization measures, all of which have limited the benefits of the reforms.

11. The government is aware of the importance of robust information for poverty analysis and monitoring and is undertaking, with donor support, a comprehensive initiative to upgrade its databases and statistical capacity. A new HBS is currently under way, and is scheduled to be completed by mid-2001.³ The survey is the largest ever undertaken in Tanzania. Results covering about 6,000 households will be available in early 2001, allowing a preliminary analysis of more recent poverty incidence and trends to be included in the first annual PRSP progress report. In a situation where poverty is so pervasive, and overwhelmingly rural, the staffs agree with the authorities that efforts should focus, as outlined in the PRSP, on enhancing growth, particularly in the rural areas, and expanding access to basic social services. In light of cross-country experience,⁴ the income-poverty reduction targets appear

² Poverty incidence, using the Basic Needs Poverty line, is 48 percent at the national level, 57 percent in rural areas, and 36 percent in urban areas; using the Food Poverty line, extreme poverty falls on 27 percent of the population. The Food Poverty line represents 36 percent of mean expenditure and the Basic Needs Poverty line 53 percent. Comparable international experience suggests that these poverty lines are defined at an appropriate level of mean expenditure.

³ Other initiatives (a pilot labor force survey, a social accounting matrix, a demographic health survey, and a population census), to be implemented during 2001–02, will significantly strengthen the information base of the country.

⁴ See M. Ravallion (2000), “*Growth, Inequality and Poverty: Looking Beyond Averages*,” D. Dollar and A. Kraay (2000), “Growth is Good for the Poor,” *World Bank Working Papers*; and Datt, Gaurav and Martin

to be consistent with the envisaged changes in the policy framework and in the growth projections. Nonetheless, more up-to-date information should be reflected in the first annual PRSP progress report to allow more careful analysis of the causes of poverty and to sharpen the focus of the strategy.

12. Poverty in Tanzania has been amplified by rapid population growth, which has led to high dependency ratios, pressures on natural resources, and strains on the education and health systems. The PRSP recognizes the link between poverty and population dynamics, as well as the dependence of the poor on the environment, particularly in rural areas, and actions to contain population growth and measures to promote the sustainable management of natural resources will need to be incorporated as the PRS is developed further. Equally, the PRSP could have included both a stronger analysis and policy actions on gender issues (for which much experience already exists in the country) and on the impact of AIDS. The staffs advise the government to address these issues in the first annual PRSP progress report.

13. The PRSP analysis shows that social indicators are extremely uneven across regions. For example, infant mortality and under-five mortality rates are three times as high in the most deprived regions as in the least deprived. This may call for a regionally differentiated strategy, which would be facilitated by the new HBS data, an issue that should be addressed in the first annual PRSP progress report.

Poverty monitoring and evaluation

14. The PRSP defines medium-term (three years) and long-term (ten years) targets for monitoring income poverty and human development (see PRSP, pp 19–21). The staffs agree that at this stage annual indicators - apart from input indicators - such as government expenditure, are not feasible. The indicators chosen were drawn from a wider list of poverty and welfare indicators resulting from a consultative process during the last two years. The baseline for many of these indicators will be updated as information from HBS and other sources becomes available. The three-year targets for improving human development indicators are broadly in line with the country's policy priorities, implementation capacity and expectations of increases in incomes and in public expenditure.

15. There are, however, several weaknesses in the poverty monitoring and impact evaluation system proposed in the PRSP. First, the institutional framework and responsibilities for collecting, using, and disseminating data appear to be at the design stage. Second, the authorities will need to develop some annual indicators to monitor progress toward the medium- and long-term targets. Third, while the government wishes to involve stakeholders and civil society in the implementation of the PRSP, the arrangements for participatory poverty monitoring remain unclear. The challenge for both government and civil society in Tanzania is how to transform the consultative exercises undertaken during the

Ravallion (1992), "Growth and Redistribution Components of Changes in Poverty" *Journal of Development Economics*, 38:275–295.

formulation of the PRSP into a fully institutionalized and sustainable process of public accountability. Fourth, government funding for the monitoring system will only be provided in next year's budget; however, many donors have already promised their financial support.

Macroeconomic framework

16. Tanzania has embarked on a three-year macroeconomic program (2000–02) focused on policy reforms aimed at maintaining macroeconomic stability, increasing growth, improving market efficiency and reducing poverty. The program is supported by an arrangement under the Poverty Reduction and Growth Facility (PRGF) of the IMF, the Programmatic and Structural Adjustment Loan (PSAC I) and the Public Sector Reform Program loan (PSRP) of the IDA, and other lending and grant support by international donors. Tanzania reached the decision point under the enhanced HIPC Initiative in April 2000.

17. The macroeconomic framework presented in the PRSP is unchanged from that of the PRGF arrangement⁵ and of the Country Assistance Strategy, endorsed by the IDA Board in June 2000.⁶ Annual GDP growth is projected to increase to 6 percent (about 3 percent in real terms per capita) by 2002 and the inflation rate to decline to about 4 percent, a rate comparable to that of Tanzania's main trading partners. The higher growth is expected to result from the improvements in efficiency in the economy and in the investment climate as a result of the past and ongoing sound macroeconomic policies and structural reforms, links which should be examined in more detail in the first annual PRSP progress report.

Structural and sectoral policies

18. The PRSP has reconfirmed that the ongoing macroeconomic and structural reforms, which are supported by international donors, are at the core of the PRS. The staffs believe that significant progress has already been made in these areas, and that the current program is strong. The planned reforms address key policy incentives and institutional constraints to private sector development and growth. They include, inter alia, strengthening of tax administration and expenditure control mechanisms, further restructuring of the financial system, the implementation of performance budgeting, the privatization of the remaining public enterprises, the strengthening of the regulatory framework for the main utilities, and the improvement of the business environment. As previous staff documents have noted, in the view of the staffs, Tanzania would also benefit from a more accelerated program of tariff reduction, consistent with regional trade arrangements. In the social sectors, the government will pursue the development of sector-wide strategies closely tied to the medium-term objectives of the poverty reduction strategy. This will require better coordination of donor support programs and close alignment with the PRSP. The details of the structural reforms and social sector strategies have been discussed in the documents underlying the PRGF

⁵ EBS/00/147 (7/18/2000) provided documentation for the first review of the arrangement.

⁶ World Bank Group, *Country Assistance Strategy for the United Republic of Tanzania*, Report No. 20426, May 22, 2000.

arrangement and the PSAC I; however, the comprehensiveness of the PRSP would have benefited from more details of the planned structural reforms through inclusion of an update of the policy framework attached to the I-PRSP.

Governance

19. An important feature of the PRSP is the focus on governance. Participatory assessments show that poor people stress the importance of improving governance to help reduce their vulnerability and insecurity. In recent years, the government has introduced a program of institutional reforms and specific measures to improve governance and transparency that have not been reflected fully in the PRSP. In 1999, the government developed a National Anti-Corruption Strategy and Action Plan, and sectoral plans are now being prepared. The staffs note that diagnostic surveys in a number of ministries and agencies will be undertaken to monitor the implementation of the plan. In addition, the government will review the procurement law and regulations, and strengthen financial accountability. Given the stress on governance as a poverty issue in the PRSP consultations, the government has decided to increase its efforts to strengthen the judicial system and governance. While the judicial system is one of the priority sectors that will receive increased budgetary allocations in the MTEF, detailed action plans have not been costed.

Specific public actions proposed in PRSP

20. The macroeconomic and structural program is geared toward reaching higher growth and poverty reduction, and certain elements are being accelerated in the context of the PRS. These include measures in agriculture, which is the source of livelihood for most of the poor; measures to improve the business environment; reduction in the excessive cost of utilities to industry; and the rapid adoption of key reforms in the National Anti-Corruption Strategy. In addition, the government has already announced a number of new measures to address the main concerns that came from the consultative process; the abolition of primary school fees, the promotion of community-driven development and the creation of employment schemes for the poor. These actions are appropriate, but the institutional details and the costing still need to be elaborated.

21. With respect to public expenditure, the government has focused its poverty interventions on sectors—primary education, primary health care, agriculture research and extension, rural roads, water, the judiciary, and HIV/AIDS—which are in line with the priorities that emerged in the poverty diagnosis and in the consultative process (see below). In their first annual PRSP progress report, the authorities should provide more concrete detail and prioritization of these initiatives.

Financing and budgeting of the poverty reduction program

22. The government budget will play the pivotal role in expenditure allocation toward poverty reduction. The staffs share the view expressed in the PRSP that the medium-term financing framework for the budget and the poverty reduction strategy must continue to be subject to the over-riding goal of maintaining macroeconomic stability. The MTEF has been

based on a conservative projection of government revenue, restrained net use of domestic financing, and external budget financing in line with current high level of commitments and trends, including (interim) debt relief under the enhanced HIPC Initiative. The revenue projections will be reviewed in line with developments—e.g., to account for increases in tax collection resulting from the ongoing improvements in tax administration. The target for domestic financing of the budget will be managed flexibly in line with the targets for inflation and international reserves, to provide a degree of adjustment for fluctuations in external financing.

23. Within the financing constraints, the expenditure targets contained in the PRSP are consistent with the MTEF (including the budget for the current fiscal year). These targets respond to the results of the broad-based participatory process of the recent PER. Although the PRSP was approved in August, the expenditure allocation for poverty reduction programs, as proposed in the MTEF, had already been included in the 2000/01 budget and the government had significantly increased allocations for personnel and other charges in order to improve delivery of social services. Expenditure allocations to the priority sectors will be further increased in the future. In total, allocations to these sectors are projected to increase from 24.8 percent to 40.3 percent of total recurrent discretionary expenditure during the period 1999/2000–2002/03.

24. The costs of reaching the proposed targets in the health, education, and roads sectors of the strategy were derived from studies prepared in the context of the MTEF. From these studies, for example, it is clear that the financing of acceptable levels of health care for the entire population would require a doubling of present health sector expenditure. Thus, given available resources, the delivery of health services to the whole population will fall short of the minimum needs. Similar conclusions are reached in the case of education. The staffs note that the links between budget inputs, outputs, and final outcomes need to be further investigated, to ensure that public spending is efficiently directed to achieve the poverty reduction and human development targets, and that additional priority spending that would be financed by additional aid flows or revenues need to be identified. Further advances in the costing of achieving the proposed targets in the PRSP will require the finalization of sectoral strategies as well as new information. Thus, staffs expect that costing will be continuously refined in successive updates of the strategy.

25. The staffs share the government's expectation that the international donor community will continue to provide external assistance to Tanzania at its current level, or higher. And they welcome the fact that many bilateral donors are beginning to realign their support in line with the objectives and programs of the PRSP. However, they recognize that, over time, sustained poverty reduction will depend critically on the success of current efforts to strengthen revenues.

Public expenditure tracking and audits

26. As in the past three years, participatory PERs will be the main annual instrument for designing and monitoring the allocation and composition of public expenditure. Quarterly

review meetings conducted with various stakeholders will continue to be the instrument for monitoring the implementation of the budget. Furthermore, the government has been working on enhancing public expenditure management and control capacities and the PRSP could have usefully discussed these efforts. Specifically, tracking expenditures should now be made easier by the introduction of a new accounting system, the Integrated Financial Management System (IFMS). However, some compliance issues still need to be addressed, inter alia, by strict enforcement of new public finance legislation, to be approved by Parliament in early 2001.

27. The PRSP recognizes that the delegation of a significant amount of poverty reduction spending to local governments will require appropriate monitoring and accountability mechanisms to ensure the proper and effective use of resources. These mechanisms need to be further developed as the devolution process continues. Under the Local Government Reform Program, which started in 1999 and will be completed by 2003, local governments are responsible for service delivery in education, health, water, roads, agriculture, and social development. They are financed by block grants from the central government budget, based on the costs of delivering minimum standards of services. The government is extending the IFMS to 28 local authorities and a rollout to another 22 local authorities is planned. However, further work remains to be undertaken to examine the financial relations and control mechanisms between the different government levels. In particular, a system for reporting back to the central government regular and detailed information on actual priority spending from the districts needs to be introduced.⁷

28. The government has recognized the importance of strengthening the auditing function at all levels of government. The PRSP could have discussed achievements so far, remaining shortcomings in both internal and external audits, and the institutional development strategy, especially in the context of the new public finance legislation.

Work in progress

29. There are four major areas of the poverty reduction strategy that are being completed. In each of them, preliminary strategies exist and substantial analytical work has been undertaken. First, there is the national strategy for primary school education, together with detailed district plans for the 50 districts that are covered by the ongoing school mapping exercise. Finalization of the strategy, which builds on the 1997 Basic Education Master Plan, is expected by July 2001. The costing of detailed measures, including the removal of primary school fees, will be included in the 2001/02 budget. Second, a national agricultural strategy will be developed, based on sector work carried out in 1999/2000. A first draft has already been discussed with stakeholders. The strategy, expected by June 2001, will include actions to rationalize taxation and remove local impediments to efficient marketing. Financing of poverty-focused interventions will be included in next year's budget. Third, a

⁷ An IMF public expenditure management review mission that visited Tanzania in October 2000 made some recommendations on how to carry forward the required work.

rural development strategy will be prepared after a broad-based consultative and participatory process by December 2001. Fourth, the finalization of the Local Government Reform and development of district-specific poverty reduction plans is expected by the end of the 2002/03 fiscal year. The staffs believe that, in each of these areas, there has already been significant progress in refocusing actions and public spending toward poverty reducing objectives.

30. The government has communicated to staffs that it intends to prepare a first annual report on the implementation of the PRS. It will include: a new poverty profile, as well as any revisions to the baselines, targets and indicators that result from the HBS, the pilot labor survey, and relevant sector information; details of the education and agricultural policies, a progress report on the rural development strategy and on the local government reform; updating of costing exercises in priority sectors to reflect both resource requirements and the priorities to be adopted in a constrained resource situation; a review of the institutional framework for poverty monitoring and evaluation; and a progress report on achievements under the poverty reduction strategy, including the core reforms set out in Appendix I of the I-PRSP. The 2001/02 budget would include the costing of poverty interventions identified in the education and agricultural strategies, as well as the core financing of the monitoring system.

Risks

31. The PRSP, which embraces the program of structural reforms supported by the PRGF, the PSAC-I, the PSRP, and other instruments, represents a substantial agenda for the next three years. While the past record attests to the government's commitment to reaching its policy objectives, the staffs are aware of risks. First, commitment to implementing the PRSP remains largely untested at the local level. Second, institutional weaknesses and lack of capacity may delay the development of the remaining elements of the poverty reduction program, or its implementation. Finally, the staffs note that, although the medium-term targets of the PRSP are feasible, this assessment is based on the assumption that current high levels of external financing are maintained, in addition to the debt relief under the enhanced HIPC Initiative.

32. Although more detailed analysis is required, the PRSP recognizes the vulnerability of Tanzania to exogenous shocks and suggests that the country's ability to respond to these shocks has increased. For example, the sources of foreign exchange earnings have become more diversified, and the current and projected levels of international reserves offer sufficient cushion against external shocks. Agricultural output is becoming more diversified, though food insecurity continues to be a problem in certain areas. However, the low level of revenue makes key programs vulnerable to cuts necessitated by other unexpected expenditure requirements or a slow down in economic activity.

IV. CONCLUSIONS

33. In the view of the staffs, the strategy set out in the PRSP provides a credible basis for sustainable improvements in the lives of the poor, although important elements need to be

developed over the coming years. It is based on strong country ownership of the program and on an assessment of poverty that is built on a solid consultative process with civil society and other development partners. Within the context of sound macroeconomic policies, the PRSP aims at addressing those areas that have been indicated as the main causes of poverty, including low growth, lack of access to social services and infrastructure, and the sense of vulnerability and insecurity caused by weak governance. It contains appropriate and realistic medium- and long-term targets and indicators of poverty reduction and human development, and describes the participatory process in which it was prepared.

34. The paper candidly admits that the available data do not provide a basis for a precise analysis of poverty incidence and trends in Tanzania, but at the same time points out that available statistical information, together with inputs from the consultative process of the PRSP itself, does provide an adequate basis for designing a poverty reduction strategy. The availability of new data in the next 1–2 years should help to refine the strategy. The improvement in the statistical base will need to be accompanied by better arrangements for monitoring progress.

35. The staffs believe that the PRSP could have been improved by a broader perspective on poverty alleviation issues. The paper pays relatively little attention to the rapid progress Tanzania is making in creating an environment favorable to sustained growth, the prime prerequisite for poverty reduction, including the further reforms that are currently under way. It also says little about the extent to which the PER and MTEF processes have contributed (in consultative fashion) to the prioritization and costing of fiscal expenditures, nor about the reforms in the monitoring, control, and auditing of government expenditures. Instead, the document has focused on poverty-specific reforms. This reflects the fact that Tanzania has further to go in some of these areas, as well as the fact that the consultative process focused chiefly on them; the desirability of macroeconomic stability and sustained growth through structural reforms has already been broadly embraced by Tanzanian society. Moreover, the latter aspects have been well described in other public documents. Nonetheless, the staffs would urge the authorities, as they prepare the first annual report on the implementation of the PRS, to emphasize the broader macroeconomic and structural reform context.

36. The PRSP is candid in noting that in some areas, such as education, agriculture, and rural development, the development and costing of the specific strategies requires further work to bring them to the level already achieved, for example, in the health sector. The production of the document has itself advanced the progress in these areas by bringing the issues to the fore, and by developing timetables for future progress. It is crucial that these sectoral strategies be fleshed out in the near future.

37. The PRSP sets out an ambitious schedule of activities for the remainder of the current fiscal year, as summarized in paragraphs 29 and 30 above. This will provide a basis for a first annual PRSP progress report that will correct some of the existing weaknesses in the PRSP. The authorities have indicated their intention to finalize the agriculture and primary education strategies by June and July 2001, respectively, and the rural sector strategy by December 2001; and to develop a sound monitoring and evaluation system in the course of

the current fiscal year. The staffs endorse the authorities' view that these areas are critical to the success of the PRS, and urge them to continue to make substantial progress in their poverty strategy to ensure that the first annual PRSP progress report describes the outcome of their efforts. The report should also pay adequate attention to the role of growth-oriented structural reforms in reducing poverty, and to Tanzania's pace-setting progress in the PER and MTEF exercises, as well as in expenditure monitoring and control.

38. In light of the government's commitment to implement a comprehensive set of pro-poor policies, and to further developing the PRS in the first annual progress report, the staffs of the IDA and the Fund consider that this PRSP provides a sound basis for IDA and Fund concessional assistance. The staffs recommend the concurrence of the respective Executive Directors of the Boards of the IDA and the Fund with this assessment.

Box 2. Tanzania: Tentative Schedule of Key Bank/Fund Events Related to the PRSP in 2001		
Institution	Event	Expected Date
IMF	Review of PRGF arrangement	February
World Bank	Primary Education Adjustable Project Loan	June
World Bank	Public Expenditure Review	April
World Bank/Stakeholders	Consultative Group Meeting	May
IMF	Review of the PRGF	July
IMF/WB	JSA of the first annual PRSP progress report	...