

UNITED REPUBLIC OF TANZANIA

VICE PRESIDENT'S OFFICE



POVERTY REDUCTION STRATEGY II

FIRST DRAFT

FOR 2ND ROUND CONSULTATIONS

16th August '04

List of abbreviations

ALAT	Association of Local Authorities of Tanzania
CBO	Community Based Organization
CSO	Civil Society Organisations (this includes NGOs, CBOs and FBOs)
DHS	Demographic and Health Survey
DSA	Dissemination, Sensitisation and Advocacy
FBO	Faith Based Organization
GDP	Gross Domestic Product
HBS	Household Budget Survey
HIPC	Highly Indebted Poor Countries
HIV and AIDS	Human Immuno-deficiency Virus/Acquired Immune Deficiency Syndrome
ILFS	Integrated Labour Force Survey
LGA	Local Government Authority
LGRP	Local Government Reform Program
MAFS	Ministry of Agriculture and Food Security
MCDGC	Ministry of Community Development, Gender and Children
MCM	Ministry of Cooperatives and Marketing
MCT	Ministry of Communications and Transport
MDA	Ministry, Department, Agency
MEM	Ministry of Energy and Minerals
MHA	Ministry of Home Affairs
MIT	Ministry of Industries and Trade
MJCA	Ministry of Justice and Constitutional Affairs
MLHS	Ministry of Lands and Human Settlement
MLYDS	Ministry of Labour, Youth Development and Sports
MNRT	Ministry of Natural Resources and Tourism
MOEC	Ministry of Education and Culture
MOF	Ministry of Finance
MOH	Ministry of Health
MOW	Ministry of Works
MSTHE	Ministry of Science, Technology and Higher Education
MTEF	Medium Term Expenditure Framework
MWLD	Ministry of Water and Livestock Development
NACSAP	National Anti-Corruption Strategy and Action Plan
NBS	National Bureau of Statistics
NEMC	National Environment Management Council
NGO	Non-Government Organisation
NPES	National Poverty Eradication Strategy
PER	Public Expenditure Review
PHDR	Poverty and Human Development Report
PMMP	Poverty Monitoring Master Plan
PMO	Prime Minister's Office
PMS	Poverty Monitoring System
PO- PP	President's Office-Planning and Privatisation
PO-PSM	President's Office-Public Service Management
PO-RALG	President's Office-Regional Administration and Local Government
PO-SH	President's Office-State House
PPA	Participatory Poverty Assessment
PRBS	Poverty Reduction Budget Support
PRS	Poverty Reduction Strategy
PRSC	Poverty Reduction Support Credit
PRSP	Poverty Reduction Strategy Paper
SMEs	Small and Medium Enterprises
TACAA	Tanzania Civil Aviation Authority
TACAIDS	Tanzania Commission for AIDS

TANROADS	Tanzania Roads Agency
TAS	Tanzania Assistance Strategy
TATEDO	Tanzania Traditional Energy Development and Environment Organization
TBS	Tanzania Bureau of Standards
TFNC	Tanzania Food and Nutrition Centre
THA	Tanzania Harbours Authority
TIC	Tanzania Investment Centre
TRA	Tanzania Revenue Authority
TRC	Tanzania Railways Corporation
TSED	Tanzania Socio-Economic Database
TTCL	Tanzania Telephone Company Limited
TUCTA	Trade Union Congress of Tanzania
VPO	Vice President's Office

Table of contents

CHAPTER 1	INTRODUCTION	1
CHAPTER 2	POVERTY STATUS AND CHALLENGES	3
2.1	Introduction	3
2.2	Income Poverty	3
2.3	Employment status	4
2.4	Non-Income Poverty	6
2.5	Cross-cutting Issues	8
2.6	Performance of Poverty Monitoring System	8
CHAPTER 3	FRAMEWORK OF PRS II.....	10
3.1	Introduction	10
3.2	Major clusters of poverty reduction outcomes	10
3.3	Principles of the PRS II.....	14
3.4	Consultations for PRS II.....	15
3.5	Consolidation.....	18
CHAPTER 4	THE STRATEGY	20
4.1	Introduction	20
4.2	Policy Environment.....	20
4.3	Growth and reduction of income poverty.....	22
4.4	Improvement of quality of life and social well-being	27
4.5	Governance and Accountability.....	34
CHAPTER 5	: IMPLEMENTATION ARRANGEMENT	38
5.1	Institutions	38
5.2	Roles and responsibilities	39
5.3	Harmonization and rationalization of national policy processes	42
5.4	PRS Communication Strategy	42
5.5	Management and organizational issues.....	42
5.6	Mainstreaming crosscutting issues	43
5.7	Capacity development needs	43
CHAPTER 6	: MONITORING AND EVALUATION OF PRS II.....	45
6.1	Introduction	45
6.2	Challenges in monitoring of PRS II.....	45
6.3	Key elements of PMS II	47
6.4	Monitoring tools and deliverables	48
CHAPTER 7	: PRS II FINANCING STRATEGY	49
7.1	Introduction	49
7.2	Review of PRS(P) Framework	49
7.3	PRS II Financing Framework	50
7.4	PRS II Financing Strategy	51
Annex 1:	Proposed Annual Process Cycle	1

CHAPTER 1 INTRODUCTION

This is Tanzania's second Poverty Reduction Strategy (PRS II). It builds on the achievements and lessons from the implementation of the first PRSP (2000-2003) which was mainly linked to debt relief under enhanced High Indebted Poor Countries (HIPC) initiative. Tanzania was required, among other conditions, to channel debt relief resources into "priority social sectors" of education, health, water, agriculture and rural roads and the judiciary. Public spending on these areas was considered to have higher impact on poverty reduction. However, HIPC resources would not be adequate to eradicate poverty. Neither would spending on a few sectors provide a sufficient momentum for growth required to reduce poverty over a short and medium term. While PRSP lasted three years, PRS II takes a longer-term perspective (5 years).

The central objective of PRS II is to achieve faster, equitable and sustainable growth. It seeks to engage all stakeholders and exploit inter-sector linkages and cross-sector collaboration in the pursuit of poverty reduction outcomes. It also stresses accountability in the use of resources and monitoring and evaluation of the effectiveness of the strategy in reducing poverty.

In the past three years, achievements have been recorded in the delivery of social services especially in primary education, basic health care and access to clean and safe water. Years of economic reforms have resulted in impressive macroeconomic performance. GDP growth rate consistently rose in the past six years, reaching 6.2 percent in 2002. It declined to 5.6 percent in 2003 due to drought in the 2002/03 season. Inflation dropped to 4.4 percent in 2003 compared to 6 percent in 2000 or higher in previous years. In 2003 foreign reserves reached 8.9 "months of imports" compared to 6.3 "months of imports" in 2000 or lower in previous years. The nominal exchange rate is market-determined with interventions limited to smoothing fluctuations. Also considerable increases in investments in infrastructure especially roads and communication systems have been recorded.

Enormous challenges still lie ahead, however, as the Government strives to maintain the momentum for growth and continued socio-economic reforms. For poverty reduction, growth and macro-level achievements need to be adequately translated into micro-level welfare outcomes all the way to the household level. At the same time, there is a need to sustain the successes, further improve access and quality of social services and address concerns of vulnerable groups.

PRS II adopts an outcome-oriented approach, emphasizing inter-sector linkages towards the achievement of results. Three broad outcomes for poverty reduction are identified, namely, (i) growth and reduction of income poverty, (ii) improved quality of life and social well being, and (iii) governance and accountability. These form the basis for determining strategic interventions. Increased efforts will be made to mobilise domestic resources, improve investment climate and increase competitiveness and readiness of the economy to cope with the challenges of globalisation.

Greater attention has been paid to mainstreaming crosscutting issues, namely: HIV and AIDS, gender, environment, employment, governance, children, youth, elderly, disabled and settlements into the strategy right from the beginning and not through separate chapters. Goals and interventions relating to the crosscutting issues have been included in the three clusters of broad outcomes. Implementation and monitoring plans for PRS II include specific actions on mainstreaming and development of indicators for the crosscutting issues.

PRS II remains a crucial organizing framework for putting the focus on poverty reduction high on the country's development agenda. It continues to be guided by the ongoing reforms and national policy frameworks, including the Tanzania's Development Vision 2025, Tanzania Assistance Strategy (TAS), Rural Development Policy, Rural Development Strategy and the Medium Term Plan for Growth and Poverty Reduction. It is also instrumental in widening the space for country ownership and effective participation of civil society and facilitating more fruitful local and external partnerships. In addition, PRS II identifies itself also with international development obligations, including the Millennium Development Goals (MDGs), the New Economic Partnership for African Development (NEPAD), the Brussels Plan of Action (BPOA) and the World Summit on Sustainable Development (WSSD), among other international commitments to poverty reduction.

PRS II has seven chapters. Following the introduction, Chapter Two discusses the status of poverty and challenges ahead. Chapter Three spells out the framework guiding the strategy, while Chapter Four provides PRS II Strategy. Implementation arrangements are discussed in Chapter Five and monitoring and evaluation in Chapter Six. Chapter Seven presents the financing arrangements for the strategy.

CHAPTER 2 POVERTY STATUS AND CHALLENGES

2.1 Introduction

This chapter retrospectively describes the status of poverty in Tanzania and challenges ahead for the PRS II. It revisits issues of income poverty, status of employment and elements of non-income poverty. It further presents notes on crosscutting issues and the state of poverty monitoring.

2.2 Income Poverty

The prevalence of income poverty is still high in Tanzania. According to the Household Budget Survey of 2000/01 the proportion of the population below the national food poverty line is 18.7 percent and that below the national basic needs poverty line is 35.7 percent. There is also a big disparity between urban and rural poverty for both food and basic needs poverty. Poverty remains overwhelmingly in rural areas where 87 percent of the poor population live, and is highest among households who depend on agriculture. Comparing these results with those of the 1991/92 HBS there has been a small decline in the proportion of the population below poverty lines. However, given the increase in population, the absolute number of the poor has increased. Basic needs poverty decreased from 38.6 percent to 35.7 percent and food poverty from 21.6 percent to 18.7 percent. There are also large regional differences in poverty levels. Size of the household and level of education are among important determinants of poverty. The HBS 2000/01 results reveal also growing income inequality as measured by a rise in the gini-coefficient from 0.34 in 1991/92 to 0.37 in 2000/01.

The small decline in poverty is the result of low average per capita real economic growth of only 0.6 percent annually during the decade. However, this low average growth rate masks important economic developments during the period. In the first half of the 1990s, per capita incomes actually declined but picked up in the second half and accelerated to reach overall GDP growth rate of 6.2 percent in 2002 surpassing the PRSP target of 6 percent for the year. The survey findings show that as per capita income accelerated, poverty declined by approximately 28 percent between 1994 and 2002. Poverty reduction has been more rapid in urban areas, in particular Dar es Salaam, than in rural areas. Among the poor population the urban poor constitute only 13 percent.

Although income poverty is more widespread in rural than in urban areas, urban poverty tends to be more severe owing to its characteristics, namely, very low and uncertain incomes for people working in the informal sector, limited formal employment opportunities

particularly for youth especially girls, lack of means of capital accumulation for low income groups, very poor conditions for people living in unplanned settlements and limited livelihood opportunities.

There are policy implications emerging from this brief account. Facilitating sustained and accelerated growth of agriculture, which contributes 45 percent of GDP, is a key element of the efforts to reduce poverty. Major constraints to agriculture sector growth and productivity include limited access to credit, insecurity with respect to property rights to land and its use as collateral for credit, dependence on rain-fed agriculture, vagaries of weather and use of outdated and poor technology. Limited access to markets, partly as a result of poor transport infrastructure also constrain agricultural growth.

Due to low technological capacity and intense competition from imports following the economic reforms and restructuring, the industrial and services sectors did not grow adequately to achieve desired reduction in income poverty. The challenge is to revamp the sectors with a view to strengthening backward and forward linkages to agricultural production through agro-processing and value-addition to other primary products within the economy. There is a need, therefore, to encourage private sector involvement, especially that of small producers, by addressing the high costs of doing business, limited availability of support infrastructure services, limited entrepreneurial skills, labour market barriers and red tape in the public sector.

Mining, tourism and trade are other sources of growth that have recorded improvement in recent years. However, adequate backward and forward linkages have not been created fast enough for local value-addition and employment. Further serious poverty concerns have been raised regarding the impacts on environment, tensions over land rights and labour relations in areas where these activities have risen dramatically.

The PHDR (2002) indicates inequality of incomes among the regions. The challenge ahead is for the Government to ensure that investment benefit the wider economy giving particular attention to disadvantaged regions.

2.3 Employment status

According to the Integrated Labour Force Survey (2001/02) the total labour force (age 15 years and above) has increased from 11.2 million in 1990/91 to 17.8 million in 2001. This implies that 650,000 new people have been entering the labour market every year. Wage and salary employment has been expanding at much lower rate estimated at some 40,000 persons

per annum. That leaves the majority of the new entrants into the labour market with no option other than either being unemployed or entering the labour market through self-employment largely in agriculture and the informal sector. An encouraging development is the fact that although most Tanzanians still depend on agriculture, households have diversified their economic activities. Although income from agriculture is dominant some 40 percent of rural household income originates from off-farm employment. The proportion of rural households who derive their incomes from more than three sources is 65 percent. This suggests that the trend is already towards increasing employment in non-farm income generating activities in the rural areas. Only that it is happening too slowly and without coordination and support. This trend can be reinforced through more deliberate policy interventions.

An area of policy concern is that of rising unemployment. However, the measurement of unemployment in Tanzania is not a simple one. There are limited economic opportunities in rural areas. This is reflected rather as underemployment than unemployment. Estimates show that unemployment stands at 2.3 million people (1.3 million women and 1.0 million men) equivalent to 12.9 percent of the labour force (ILFS 2000/01). The employment to population ratio (the proportion of the target population that is employed) is 76 percent nationally. This ratio is lower in urban areas (58 percent) than in rural areas (81 percent). Unemployment is worse among the youth including the educated youth.

Labour productivity and incomes generated in the rural areas are lower on average. Those who are self-employed in agriculture and other sectors are not always productively engaged to full capacity. Many of them are underemployed. According to the ILFS, the rate of underemployment was 11.2 percent in 2000/01 up from 4.3 percent in 1990/91. Underemployment occurs in all areas, urban and rural. The situation of under-employment has worsened in the rural areas compared to the urban areas over the last decade. The majority of those who are under-employed are those working in own or family farms/*shambas*. The majority of those who were under-employed indicated that they were ready to work if more work was available.

Formal salary/wage employment constitutes a small proportion of total employment in Tanzania. With public sector reform the share of formal employment in the public sector has even declined. There has also been a drop in government and parastatal employment, from 5.2 to 2.5 per cent of adults. There has been a rise in private sector employment and in self-employment, which are now the main activities of 40 percent of adults in Dar es Salaam and 31 percent in other urban areas.

Labour participation rate of the economically active population in 2000/01 was found to be 68 percent in the urban areas. The national average is 80 percent. In the rural areas the labour participation rates vary considerably from 77 percent in April-June to 88 percent in January-March (ILFS 2000/01). These variations reflect seasonality in the intensity of activities and are an expression of the potential for employment if new opportunities were available. There is need to study the dynamics of the labour market in Tanzania as one of the transmission mechanisms, creating opportunities for people to participate in the growth process. Efforts to promote private sector development are in line with this endeavour.

2.4 Non-Income Poverty

2.4.1 Education and Illiteracy

Most indicators in education have registered improvement in the three years of PRSP as a result of implementing the Primary Education Development Programme (PEDP). Gross enrolment reached 98.6 percent in 2002 compared to only 77.6 percent in 1990. Net enrolment rose from 58.8 percent in 1990 to 80.7 percent in 2002. However, illiteracy remains high. About 28.6 percent of Tanzanians cannot read and write in any language. There is more illiteracy among women (36 percent) than men (20.4 percent). The PRS target of eliminating illiteracy by 2010 remains challenging particularly for rural women.

2.4.2 Health Services

Trends in health service outputs show a mixed picture. The proportion of births that were attended by trained personnel and those that took place in health facilities both declined and urban-rural disparities increased. This has implications on both infant and maternal mortality. Contraceptive prevalence increased and child vaccination rates show a small net increase. There have been steady improvements in vaccination rates since 2000, with an impressive coverage of 90 percent by 2002, thus surpassing PRS targets. Improvements in TB treatment completion rates are also encouraging. Rural areas and the poor remain disadvantaged both in terms of outcomes and service uptake. It is thus important to ensure that health services are accessible to the poor population and the quality of services is improved. Also important is the need to strengthen the routine data system to generate indicators for measuring health service delivery.

2.4.3 Survival

Survival indicators of poverty are not encouraging. For instance, no substantial progress was made in the reduction of infant and under-five mortality and maternal mortality. There are

even indications of slight increases in recent years, probably related to HIV and AIDS pandemic. Immunization levels have increased but there are still large disparities, which require a more targeted approach in the delivery of preventive and curative health services. HIV prevalence rates show a worrying trend, particularly for women of young age. HIV and AIDS pandemic have a wider implication for other indicators such as life expectancy. It undermines the foundations of development and attainment of the Millennium Development Goals and PRS targets. It is important to build a deeper understanding of the pandemic through awareness campaigns so as to contain further spread and minimize its impact.

2.4.4 Nutrition

Not much progress was made with regard to improvement of nutritional status of children, especially under-fives. With 44 percent of children moderate to severely stunted, chronic malnutrition remains a widespread problem; suggesting problems on the general health status of children. There are also significant disparities in the levels of under nutrition between rural and urban areas, and between children from poorer and richer households. The children from rural households are more malnourished than their urban counterparts.

2.4.5 Water and Sanitation

Focus has been on increasing access to clean and safe drinking water especially for the rural population, to reach 55 percent of the rural population by 2003. Improved rural water supply coverage has gone up to 53 percent in June 2003 up from 49 percent in 2000 and 50 percent in 2002. Urban water supply coverage has increased from 68 percent in December 2000 to 73 percent in June 2002. Coverage of sewerage services increased from 10 percent in 2000 to 17 percent in 2003 in urban areas. However, the challenge is to capture progress on sanitation due to limitations of data and identification of meaningful indicators. There is a close link between water supply and waterborne diseases such as cholera, water-based diseases such as bilharzias and water-washed diseases such as scabies and trachoma in areas with poor sanitation facilities.

2.4.6 Vulnerability

The Participatory Poverty Assessment (PPA) carried out in 2002 has brought up more qualitative information on various dimensions of vulnerability as well as more understanding on concepts, most vulnerable social groups, impoverishing forces and protection and risk management programmes. The vulnerable groups are children, persons with disabilities, youths (unemployed, youths with unreliable income and female youths), elderly persons,

people living with long illness and HIV and AIDS, women (widows, other women who are not able to support themselves) and drug addicts and alcoholics. Impoverishing forces have been grouped into six categories, namely economic, environmental, governance, socio-cultural, health and life cycle factors. The challenge is in refining indicators for vulnerability and in developing a comprehensive strategy to address vulnerability and develop appropriate social protection programmes.

2.5 Cross-cutting Issues

The original PRSP highlighted the importance of addressing crosscutting issues and identified six areas, namely: gender, HIV and AIDS, environment, governance, local government reform and human capacity development. In addressing crosscutting issues the focus was on understanding the linkages with poverty. This paved the way for determining specific policy changes and interventions.

In developing the new PRS there has been a change in scope and focus. Crosscutting issues have been mainstreamed in PRS II strategic interventions of the different clusters. The challenge is to demonstrate: (i) a clear understanding of the links between the crosscutting issues and poverty; (ii) policy changes required to address them; and (iii) actions and interventions required to address issues. The status of these issues has been mainstreamed in the relevant sections.

2.6 Performance of Poverty Monitoring System

The National Poverty Monitoring System was established in 2001 to track and evaluate progress in the indicators of poverty. The monitoring activities i.e. data collection, analysis, storage and dissemination are coordinated by four Technical Working Groups of the System, namely, Surveys and Censuses, Routine Data Systems, Research and Analysis; and Dissemination, Sensitisation and Advocacy. While Surveys and Censuses Group was able to generate and make initial analysis of the surveys data, according to its work programme, the Routine Data Group concentrated on capacity building of data collectors. The Routine Data Technical Working Group has not yet started to generate robust routine data under the system. Sector based systems were relied upon for administrative and routine data collection.

Analyses and further research in areas where knowledge gap was observed was done according to schedule under the Research and Analysis Technical Working Group. Analyses of recent surveys data enabled the production of three PRSP *Progress Reports* (2000/01, 2001/02, 2002/03) and two *Poverty and Human Development Reports* of 2002 and 2003.

The results of the monitoring system were disseminated using different methods. These include printing and distribution of the main documents, production of popular versions, organisation of annual Poverty Policy Weeks, Newsletters, posters and radio programmes, and through the poverty monitoring website.

There are, however, critical challenges that need to be addressed in the second cycle of monitoring and evaluating outcomes and impact of PRS II. The inability to coordinate the routine data collection systems of the sectors was mainly caused by slow progress in operationalisation of the Monitoring and Evaluation (M&E) system for service delivery at local government level. More effort will be directed towards full operationalisation of the M&E at the local government level and linking it with the National Poverty Monitoring System through the Routine Data Group. More innovative ways of disseminating the information generated and sensitisation of the general public will be sought alongside the development of PRS Communication Strategy. It is also important to increase funding for major surveys and ensuring quality of data collected. Furthermore, capacity of key actors particularly at the local government level to collect, analyse and use data has to be improved. Efforts will be made to ensure the Poverty Monitoring System responds to PRS II requirements and remains a relevant and effective institution to track progress as the implementation of the PRS II continues.

CHAPTER 3 FRAMEWORK OF PRS II

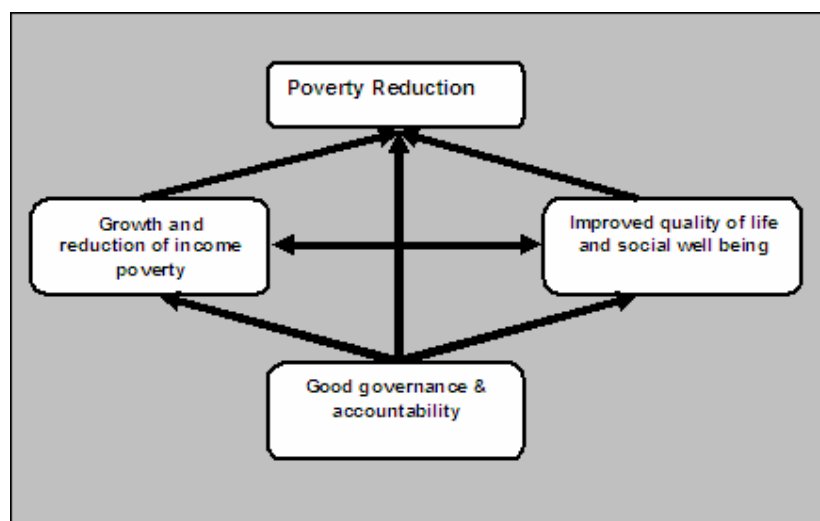
3.1 Introduction

This chapter presents the framework and key methodological issues of PRS II. It describes the major clusters of poverty reduction outcomes and how they are linked to strategic areas of interventions. This is followed by principles of the strategy, highlights of the consultations for the PRS and insights on how emerging issues are consolidated in the strategy.

3.2 Major clusters of poverty reduction outcomes

There are many aspects of poverty. For analytical purposes policies and actions toward poverty reduction are related to the achievements in three major clusters: growth, improvement of quality of life and social well-being and good governance (Figure 1).

Figure 1: Major clusters of poverty reduction outcomes.



3.2.1 Growth and reduction of income poverty

One of the major conditions for poverty reduction is growth. In general, growth depends on the quantity and quality of inputs including land, capital, labour and technology. Improved quality of labour is embodied not only in quality education, training or skills but also in physical well-being determined by the status of health or nutrition. All together these are ingredients of human capital. Technology, which is a product of knowledge and innovation, enhances the productivity of all other factors.

Growth that reduces income poverty enables households to acquire human capital inputs such as education, health, nutrition and higher quality of life. Growth also enables the government to collect revenue for provision of public services such as health, education, roads,

administration etc. At the same time, social well-being enhances human capital, which is critical for long-term growth. Good governance, on the other hand, provides right conditions within which growth, well-being and poverty reduction take place.

Four qualifications of growth are essential for poverty reduction:

First, it must be *broad-based* and equitable. Policies and actions are required to deliberately target resources to poor sections of society, parts of the country and sector(s) to enable them to engage in productive activities, or in the provision of public services. It is recognised, however, that adequate support and conditions for proper use of the resources need to be put in place.

Second, growth must be *high* and *sustainable*. This means, on the one hand, efforts will be directed towards generating high and sustained levels of domestic savings and investment and foreign aid, where necessary, to cover the gap. However, since aid is not sustainable, it will be used prudently to put the economy on a steady growth path. On the other hand, “sustainable development” calls for a commitment to ensure that development activities today do not adversely affect the development needs of future generations. PRS II recognizes the need for sustainable use of the country’s natural resources and avoiding harmful effects on the environment.

Third, the growth strategy will incorporate a trade strategy. PRS II will pursue the *National Trade Policy* and foster innovative and competitive capacity of domestic producers. Trade development will address supply-side constraints, capacity to diversify the export basket by stimulating value-added activities, flow of investments in export-oriented activities and the competence to participate gainfully in regional and world markets.

Fourth, specific focus on employment expansion makes it necessary for the growth strategy to carefully examine and exploit *inter-sector linkages*. Particular attention will be given to agro-based industries and rural non-farm activities. Also, emerging “drivers of growth” such as tourism and mining are of interest for poverty reduction. On the one hand, they provide direct employment, skills development and livelihoods opportunities through backward and forward linkages. On the other hand, part of the revenue they generate for government will be used for improving delivery of economic and social services, thus contributing to long-term physical and human capital development.

3.2.2 Quality of life and social well being

The second cluster addresses human capability, survival and well being with a focus on food security, nutrition and shelter. A social policy framework becomes necessary to address vulnerability and provide for social security, national and health insurance, and specific vulnerable groups, like orphans, people living with HIV and AIDS, people with disabilities and the elderly.

Improvement of quality of life and social well-being depend on the provision, affordability and access to services like education, health, water, HIV and AIDS treatment and prevention, and social protection programmes. In addition, life is improved for people who are living in a clean protected environment, for example, free from air and water pollution, and free from mosquito breeding sites. For services to be available both to the users and providers it is critical that the country generates income through a development process that allows for broad-based growth. The size (level) and distribution of income at individual and national level, prices and the cost of services affect availability and utilization of services.

On the other hand, improved life enables society to engage fully in production processes – where both men and women have equal opportunities. Productivity is also increased and sustained when the environment is protected and utilized in a sustainable way.

3.2.3 Governance and accountability

The third cluster provides the bedrock for the first and second clusters. In order for broad-based growth and improvement of quality life and social well being to take place, good governance has to prevail. The focus on governance centres on economic structures and processes such as public resources (financial and natural resources) management systems, personal security, tolerance and inclusion, and participation in decision making, such as through local government reform processes, and ensuring that the structures and systems of governance are representative and accountable. Human rights, a functioning and fair justice system and war against corruption are key elements of this cluster.

Poverty reduction and improved quality of life require effective, transparent and accountable use of resources in a fair and corruption free system. Information on policies, laws and public finances is important. PRS II takes public access to information as a right as well as a key means to facilitating effective policy implementation, monitoring and accountability. This cluster further addresses issues of effective public administration in order that systems of government are managed openly and in the interests of the people they serve. The National

Governance Framework and specific on-going reforms including Public Service Reform Programme (PSRP), Local Government Reform Programme (LGRP), Public Financial Management Reform Programme (PFMRP), the Legal Sector Reform Programme (LSRP), and Financial Sector Reform and sector specific reforms are among the necessary measures aimed at contributing towards good governance outcomes, improved public services delivery, better economic management, positive cultural change and democratic development.

3.2.4 Towards strategic areas of intervention and actions

To deliver on all the clusters requires both human and financial resources. At a practical level, the strategy under each cluster identifies a number of *broad outcomes* under which a set of *goals* are defined with an associated set of *operational outcomes*. The operational outcomes have specific *targets* and timeframes. For each operational outcome, specific areas of intervention and actions are identified. Definitions for these terms with examples are given in Box 1. The policy matrix is appended summarises the details of the PRS II following this pattern.

Box 1 Framework definitions for PRS II: an illustration

<i>Term</i>	<i>Definition</i>
Clusters:	Group of broader outcomes
Broad outcomes:	Wider longer-term sectoral or national outcomes Tanzania would like to realise as specified in national policies such as Vision 2025, e.g. <i>Improved quality of life and social well being of rural population.</i>
Goals	Outcome aimed at achieving one of the broad outcomes. This does not necessarily need to have a timeframe and target, e.g. <i>Reduce child and maternal mortality</i>
Operational Outcomes	Outcomes that have specific timeframes and targets. e.g. <i>a. Reduce infant mortality from 95 (1000) in 2004 to 50 (1000) in 2010</i> <i>b. Improved access to clean and safe water from 53% in 2003 to 65% in 2010 of rural population and 73% to 90% in urban population.</i> <i>c. Reduce the HIV prevalence from 11% in 2004 to 10% in 2010 between ages of 15 -24 years.</i>
Cluster Strategies	What different actors will do in order to deliver intended operational outcomes. <i>Immunisation of children</i> <i>Community programme on improved nutrition for children's health</i> <i>Improved rural roads for access to health care facilities and markets</i> <i>Construction of protected water sources in villages</i> <i>Use of fuel efficient stoves and reduction in indoor air pollution</i> <i>Institute reproductive health and HIV and AIDS prevention programmes in primary and secondary schools</i>

The framework further associates a combination of actions and inputs (in terms of resources-material or budgetary) that are necessary to bring about the operational targets. It is possible to trace these actions to sectors (or sector ministries) that are responsible for implementation. For certain outcomes some sectors may come out as lead sectors by having responsibility for

many actions toward certain outcomes. This will be reflected in the budget and budget allocations.

Targets and indicators will also be useful for monitoring and evaluation. The PRS II is for 5 years 2005/06-2009/10. This coincides with the NPES targets, and is two thirds of the way towards the MDGs (2015) and 15 years towards Vision 2025.

3.3 Principles of the PRS II

The new PRS holds on to a number of principles that will guide its policies and actions. The purpose is to have a PRS that is well understood for the stakeholders to actively play their part fully. While some of the principles are critical during preparation, most apply throughout preparation, implementation and monitoring.

First, the strategy is viewed as a vehicle to scale up *national ownership* of development policy toward the attainment of the national development agenda articulated in the Vision 2025, the National Poverty Eradication Strategy (NPES, 1998) and the Medium Term Plan for Growth and Poverty Reduction (MTP, 2003).

Fostering participatory mechanisms at national and local levels that are open and clearly explained to all stakeholders enhances national ownership. Considerable efforts have been made to improve the quality and depth of participation through *consultation processes*. PRS II will also put in place a communication strategy for smooth exchange of information between the government and stakeholders. Efficient transmission of policy signals to and feedback from the lower levels is both a motive and principle.

Second, *equity* will be pursued through broad-based and sustainable growth, focusing on increasing employment and livelihood opportunities to the poor, improved access to public services and strengthened good governance and rule of law.

Third, towards the national development goals, PRS II strongly identifies with international development commitments, including the Millennium Development Goals (MDGs), the NEPAD, Brussels Plan of Action and the commitments made at the Johannesburg World Summit on Sustainable Development. Associated development assistance will play a role towards attainment of social development and reduced dependency. Trade-related assistance will be tapped to increase the capacity of domestic producers, particularly small and medium entrepreneurs (SMEs) and rural producers to face up to the challenges of globalisation.

Fourth, the strategy emphasises a focus on growth and poverty reduction outcomes, associated priority actions and inter-sector linkages. It seeks to be more inclusive by explicitly taking on board the various contributions of all players. Strategic areas of interventions or actions will guide prioritisation of resource allocation. Concretely defined targets and actions will facilitate costing and budgeting as well as monitoring and evaluation of the impact on poverty reduction.

Related to the above, the strategy attempts to be more *comprehensive* by taking into account:

- The multi-dimensional nature of poverty following analytic evidence in recent years.
- Specific sector development strategies and / or programmes, and
- Crosscutting issues such as environment, HIV and AIDS, gender, employment, governance, children, youths, the elderly, people with disabilities and settlements.

The fifth principle is “coordinated *partnerships*” in development. For local partners, the strategy will enhance further the space for local stakeholders, including the civil society and the private sector, in policy dialogue. For external partners, the strategy stresses *coordinated* assistance to make aid more effective in reducing poverty. Agreed principles of development partnership of the Tanzania Assistance Strategy (TAS) and Independent Monitoring Group (IMG) will continue to guide aid-relationships.

Sixth, the strategy emphasises continued *harmonization* of national policy processes particularly, the PRS, the budget, the MTEF/PER and TAS. Specific attention will also be paid to timely and consistent flow of data amongst the institutions. Harmonisation will reduce transactions costs and increase the efficiency in the delivery of public services. It will also be enhanced by implementation of the National Governance Framework. Improved institutional and operational arrangements for effective and accountable use of domestic and foreign resources are essential for a credible PRS.

3.4 Consultations for PRS II

In developing PRS II the government aimed to open up the process with extensive consultations to seek the views of a wide range of stakeholders, including the poor themselves. The central objective was to widen ownership of the strategy. Planning of the PRS Review and consultations was largely guided by new information about the nature of poverty and the desire to include specific social groups and ensure coverage of rural and

urban areas. Two levels of consultations were made: (i) within government (ii) nationwide consultations, covering a wide range of stakeholders.

3.4.1 Internal consultations

Various deliberations on the PRS were made, including through annual Poverty Policy Week and PER review meetings, cross-sector meetings, government-donor and government-civil society consultations.¹ Consensus evolved during initial consultations on the institutional weaknesses that needed to be addressed. These included:

- A need to reconsider the links of “non-priority sectors” to PRS outcomes
- Addressing capacity constraints to the management of the PRS/PMS (at central and local government levels); and,
- Options for harmonization of national policy processes (such as the PRS, PER and budget cycles) and government-donor processes such as the harmonization of the Performance Action Framework (PAF) for Poverty Reduction Budget Support (PRBS) and Poverty Reduction Support Credit (PRSC).

Second, to ensure effective participation of all sectors, the government asked the sectors to carry out within-sector consultations (with sector’s immediate stakeholders) and indicate the sector’s contribution to poverty reduction, specific sector outcomes and targets, and proposed indicators for monitoring and evaluation. Subsequently, the government convened a three-day consultative workshop with all ministries in June 2004. The workshop received sector analytical reports and deliberated on:²

- Enhancing partnerships between and among sector ministries so as to boost government efforts towards eradicating abject poverty by year 2025;
- How to address cross-cutting issues; and,
- The linkages between key international and national developmental initiatives and aspirations as espoused in Tanzania’s Vision 2025, the Medium Term Plan (MTP), the PRS and the Millennium Development Goals (MDGs).

¹ The Government confirmed its commitment to review the PRS during the *PER annual review* meeting in Dar-es-salaam in May 2003. A *high level meeting* was held to approve plans for PRS review process. The meeting was aimed at agreeing on the major actions for the review. The PRS review was launched during the *Poverty Policy Week* in October 2003.

² In addition, the workshop was briefed on the outline of the PRS II and the initial findings of a study that sought public attitudes through a flier.

The main conclusion was that poverty reduction had to receive renewed and wider interest with a shift of focus from the initial priority sector approach to all sectors contributing to priority outcomes. It was recognized, however, that quite substantial financial resources are required and prioritisation of actions would be necessary.

3.4.2 Nationwide Stakeholders' Consultations

The preparations for public stakeholders' consultations followed the *Guide for the Poverty Reduction Strategy Review* (November 2003). The guide spelt out the objectives of the review and stressed two principles, that is, national ownership and supremacy of country interests and agenda and the need for realism in scope and timeframe.

The PRS II consultations were stakeholders-led as opposed to the previous government-led consultations for the first PRSP. The new approach gave opportunity to stakeholders to employ the most appropriate consultation methodologies for their constituency. The Government provided guidance and process facilitation including mobilising resources.

The first stakeholder meeting in January 2004 was an opportunity for the identified lead stakeholders to deliberate on how they were going to conduct consultations within their constituencies based on the issues and principles set in the Review Guide.

The Association of Local Authorities in Tanzania (ALAT) organized consultation at village, districts and regions levels in Tanzania mainland. Government provided support to the training of facilitators - two community development officers from each of the twenty-one regions. The facilitators were selected on account of their education and work experience in similar kinds of assignment. District level consultations were conducted through workshops in which representatives from district council secretariat, faith based organisations, the aged, children, youth, women, persons with disabilities, persons living with HIV and AIDS, widows, orphans, CBOs, NGOs, private sector, trade unions and informal sector were all invited. Village level consultations were undertaken through the village assembly. The review consultation views collected by the stakeholders from the grassroots were processed at district level.³ Refined views were forwarded to the regional headquarter and compiled to form the regional report.⁴ The reports from all the regions were then forwarded to the Government.

³ The district planning office was used to coordinate the PRS review consultations at district level. Other stakeholders worked very close with the District Planning Offices.

⁴ The Regional planning office collected PRS consultation views from the districts and compiled together to form the regional PRS report. Other stakeholders integrated their findings in the regions report.

Consultations under CSOs were grouped under two major categories - *lead CSOs* that invited various other CSOs and *theme-based CSO* that conducted PRS consultation to their constituent on specific theme e.g. the Information Centre on Disability (ICD) and Help Age International. Workshops, seminars, radio, fliers, interviews and music were applied.

Consultation with the *general public* was done through a questionnaire. About 300,000 questionnaires were distributed countrywide. The questionnaire asked for answers to three questions: (i) the observed significant changes in relation to poverty in the last 3 years; (ii) the main bottlenecks to poverty reduction; and (iii), recommendations on what factors must be incorporated in the future PRS. The PRS questionnaire was also published on the Internet to solicit views from Tanzanians living outside the country.⁵ A substantial number of questionnaires were returned and were analysed by the National Bureau of Statistics.

For cross-cutting issues government set up a group of focal points from the different cross-cutting groups. This group worked with government to ensure consultations took place around each issue and to provide analytical reports on the priority outcomes and actions required to address crosscutting issues in PRS II.

Members of Parliament were consulted through their Parliamentary committees in December 2003 and April 2004; and through a special seminar organised for all members of the Parliament in June 2004.

Development Partners were consulted during preparations and the launch of PRS review. They participated fully during the Poverty Policy Week. They also financed a number of activities of the consultation process including stakeholder-led consultations. Resources for logistics, resource persons and equipment variously came from the Government, UN agencies, bilateral organisations and individual stakeholders.⁶

3.5 Consolidation

A major challenge to the review was to analyse and use the large number of submissions and reports in the preparation of PRS II. To achieve this, submissions and reports were grouped into five categories: (i) reports from sector ministries; (ii) analytical reports and studies; (iii) the ALAT village and district consultation reports; (iv) general consultation submissions

⁵ The feedback received ranges from those of Tanzanians living in United State of Ame rica, to those living in the United Kingdom, Australia, and Scandinavian countries.

⁶ TEC, TGNP, NPF are some of the stakeholders who mobilized the financial resources for their consultations.

from civil society and other stakeholders; (v) submissions on crosscutting issues; and (v), completed questionnaires.

For each of these groups government undertook, or commissioned, a synthesis of the reports to identify: key issues and concerns on poverty; desired outcomes or goals; specific/operational targets; recommended interventions and actions to achieve these specific outcomes; and any specific inter-sector linkages. The reports were used as direct inputs into the development of the goals, operational targets and strategic areas of interventions and actions for the PRS II strategy presented in Chapter Four.

The submissions contained detailed analyses and suggestions on the implementation of sector plans and cross-cutting issues to achieve poverty reduction, growth and reduction in vulnerability. While this level of detail has not been presented in this strategy as it focuses on identifying on higher level outcomes, goals, targets and actions, these will be used in the development of sector plans in the implementation of the strategy.

CHAPTER 4 THE STRATEGY

4.1 Introduction

This chapter articulates the strategy for poverty reduction. The strategy is as an instrument for mobilizing efforts and channelling resources towards agreed outcomes. It reflects the concerns of stakeholders as well as ongoing macroeconomic and structural reforms and sectoral programmes. It also aims at fostering greater linkages and collaboration among different actors for more effective achievement of the agreed outcomes.

Following a brief description of the policy environment, the chapter presents a narrative of the three broad clusters: growth and reduction of income poverty, improvement of quality of life and social well-being and governance and accountability based on the agreed broad outcomes (Box 2). More details are captured in the policy matrix in Annex II.

4.2 Policy Environment

The Government is determined to stay the course of economic and social reforms and maintain improved macroeconomic fundamentals. In the course of implementing PRS II, real GDP is expected to increase over the period, reaching the average of 6-8 percent between 2005/06 and 2009/10 consistent with the aspirations of Vision 2025. Government revenue effort will be enhanced from 13.8 percent of GDP in 2004/05 to 16.2 percent by 2006/07. Expenditure policies will focus on achieving poverty reduction as articulated in the PRS II and updated by annual progress reports.

Projections for the period 2005/06-2009/10 assume improvements in the productivity of agriculture, higher growth in the manufacturing sector, tourism and mining, a strategic trade regime fostering competitiveness and implementation of policies in respect of the SMEs, micro-finance and cooperatives and rationalisation of utilities tariffs.

Monetary policy will continue to focus on maintaining low and stable inflation rate that is close to those of Tanzania's major trading partners while supporting the broader growth objectives. The government will also continue with efforts to narrow the gap between deposit and borrowing rates and maintain market-determined exchange rate regime.

The Government will also deepen the social sector reforms in the areas of education, health and water sectors for a stronger and more competitive human resources base. Efforts to address gender imbalances and other crosscutting issues will be scaled up.

Box 2: Summary of Cluster Broad Outcomes and Goals

CLUSTER 1: GROWTH AND REDUCTION OF INCOME POVERTY

Broad outcomes:

- Broad based and equitable growth is achieved and sustained

Goals:

- F Ensuring sound economic management.
- F Promoting sustainable and broad-based growth.
- F Improving food availability, accessibility and nutrition at household level, with particular focus on food security needs of children and women, in urban and rural areas.
- F Reducing income poverty of both men and women in rural areas
- Ø Reducing income poverty of both men and women in urban areas

CLUSTER 2: IMPROVEMENT OF QUALITY OF LIFE AND SOCIAL WELL BEING

Broad outcomes:

- Quality of life and social well-being, with particular focus on the poorest and most vulnerable groups improved
- Inequalities in outcomes (e.g. education, survival, health) across geographic, income, age, gender and other groups reduced

Goals:

- F Improving educational access, performance and relevance at primary and secondary levels, and universal literacy among adults.
- F Reducing in infant, child and maternal mortality, morbidity and malnutrition
- F Improving environmental sanitation and shelter in urban and rural areas and reduced vulnerability from environmental risk.
- F Providing adequate basic needs and services to the most vulnerable and needy groups
- F Ensuring effective systems for universal access to quality and affordable public services

CLUSTER 3: GOVERNANCE AND ACCOUNTABILITY

Broad outcomes:

- Peace, political stability, national unity and social cohesion deepened
- Democracy and political and social tolerance
- Good governance and the rule of law
- Accountability of leaders and public servants

Goals:

- F Improving personal security and the absence of crime
- F Reducing political and social exclusion and intolerance
- F Ensuring representative, accountable and inclusive structures and systems of democratic governance and rule of law
- F Protecting and promoting rights of the poor and excluded in the justice system
- F Ensuring equitable allocation of public resources and effective control of corruption
- F Ensuring effective public service framework to improve service delivery

4.3 Growth and reduction of income poverty

Reduction of income poverty requires growth rate of GDP of 6-8 percent per annum over the next decade. PRS II embraces the goal of achieving high and broad-based economic growth. In order to achieve this, focus is on modernising agriculture, promoting off-farm activities including small and medium size enterprises with particular emphasis on agro-processing. The strategy also gives particular attention to trade, services and marketing infrastructure and creating conducive environment to attract private investment. Support to the fast growing sectors like tourism and mining will be scaled up and geared towards promotion of employment and appropriate labour relations. However, safeguards will be designed to protect environment for sustainable development.

The specific goals in this area, therefore, include:

4.3.1 Ensuring sound economic management

Management of an economy calls for actions that bring about a stable and predictable macroeconomic environment so that sustained high growth rate of the economy is achieved and actors in the economy respond rationally to market signals. Despite efforts to ensure sound economic management, growth rate of the economy has not been sustained at the desired high level of 6-8 percent per annum for the past decade or so. Also there has not been sustainable progress in attracting long-term private investment. PRS II aims at ensuring sound economic management in order to achieve high and robust rate of economic growth.

Sound economic management is to be achieved through maintaining macroeconomic stability. This calls for:

- Sustaining efforts to contain inflation at 4 percent and below by pursuing prudent fiscal and monetary policies (containing budget deficits);
- Achieving prudent fiscal management;
- Achieving surplus in the current account of balance of payments;
- Sustaining stability of the exchange rate through market mechanism;
- Maintaining official reserves of at least six months of imports;
- Continuing to strengthen tax administration and reviewing tax policy impact on revenue, growth and welfare;

- Improving aid effectiveness through increasing budget support and aligning aid to national needs through PER/MTEF processes and gender budgeting;
- Achieving debt sustainability;
- Implementing trade policy that maximizes the benefits and minimizes risks of globalisation while continuing to advocate for fair trade.

4.3.2 Promoting sustainable and broad-based growth

In the post 1990 period Tanzania has managed to reverse the low and in some years, negative growth rate of the economy experienced in the 1980s. Despite this achievement, there has not been a corresponding fast and significant reduction in the incidence of poverty as evidenced by the latest HBS. This indicates that the different socio-economic groups have not felt the benefits of improved growth equally. It is thus important to ensure under PRS II that both sources and patterns of growth have a broad based dimension.

Realization of the following operational outcomes is necessary in order to achieve this goal:

- Accelerating and sustain GDP growth of between 6 and 8 percent per annum by 2010;
- Promoting competitive trade and exports;
- Promoting private sector and development of SMEs;
- Reducing unemployment and addressing underemployment in rural and urban areas;
- Promoting labour standards, gender equality and environmental protection;
- Promoting regional / geographical equity.

A number of strategies have been identified in order to achieve these outcomes. They cover a number of areas that are related, i.e. issues of law and order (including property rights, reducing excessive and bad regulations and increasing expediency in enforcing contracts and resolving commercial disputes), lands (e.g. promoting land as collateral, improving land management and reducing overstocking), business environment, science and technological development, private sector development, transportation and communication and environmental protection measures.

Towards improvement in the environment for business and investment the Government has recently taken a number of actions that need to be expedited during PRS II. These include the review of the Income Tax of 1973 - a new legislation consistent with current business and tax

administration best practices was enacted in April 2004; amendments to the Business Licensing Act No. 25 of 1972 – numerous nuisance taxes have been removed; establishment of a Better Regulation Unit; amendments to the Land Act passed by Parliament in February 2004 and the review of labour-related regulations (first phase of the Labour Law approved by Parliament in April 2004 covering employment relations, collective labour relations, dispute resolution and labour market institutions).

Due attention will be given to science and technological development, support to institutions that facilitate technology development and transfer including higher education and local R&D and vocational training institutions and their links with local industry and SMEs. Other strategies include promoting private sector investment in the fast growing sectors including tourism and mining along with measures that support and enhance productivity and safety in artisanal mining.

Trade development will focus on actions that will enhance export diversification and competitiveness, enhanced export guarantee mechanisms and other forms of trade facilitation and infrastructure. Efforts will be made to modernise and expand ports, airports, railway connections and communication networks (postal services, computer literacy, telephone density and internet access) and expand road networks. Labour intensive and gender balanced community-based rural and urban road construction and maintenance programmes will be developed and implemented. Above all, actions in the productive and service sectors will incorporate environmental protection measures.

The Government will continue to protect expenditures and ensure the flow of resources direct to local authorities to enable them to deliver social services. Deliberate efforts will be made to ensure that the needs of disadvantaged districts are addressed, for instance, by identifying investment potentials in those regions or districts.

4.3.3 Improving food availability, accessibility and nutrition at household level (with particular focus on food security needs of children and women) in both urban and rural areas

In order to achieve this goal, the following operational outcomes have to be achieved:

- Increasing food crops production from 9 million tons in 2003/04 to 10 million tons in 2010;
- Reducing underweight from 29.4 percent in 2000/01 to 20 percent in 2010;
- Reducing wasting from 5.4 percent in 2000/01 to 2 percent in 2010;

- Reducing incidences of anaemia.

The strategies for achieving these outcomes focus on agriculture, road, marketing, technology and data collection and analysis. Specifically included are: targeted incentives to selected crops, promoting appropriate post-harvest storage technology for rural areas, improving road network connectivity to facilitate flow of food crops from surplus to deficit areas and implementing food security strategy and action plan.

4.3.4 Reducing income poverty of both men and women in rural areas

While income poverty has generally declined between 1991/92 and 2000/01 as revealed by the 2000/01 HBS, the reduction has been relatively higher in urban areas compared with rural areas. Within rural areas women have been even more disadvantaged. The government aims at addressing both imbalances. To this end, the following operational outcomes will be aimed at:

- Reducing the proportion of the rural population below the basic needs poverty line from 38.6 percent in 2000/01 to 24 percent in 2010;
- Reducing the proportion of food poor rural population from 27 percent in 2000/01 to 14 percent by 2010;
- Increasing growth of the agricultural sector from 5 percent in 2002/03 to 10 percent by 2010,
- Increasing growth rate of livestock sub-sector from 2.7 percent in 2000/01 to 9 percent by 2010,
- Increasing growth rate of export crops from 6.8 percent in 2002/03 to 9 percent in 2010,
- Improving 15,000 km of rural roads by 2010 from 4,500 km in 2003
- Transforming the subsistence sector into small holder commercial farming,
- Securing and facilitating marketing of agricultural products, and,
- Promoting off farm activities.

Strategies for achieving this goal include improving rural productivity and profitability in agriculture including farming, livestock, fishing, forestry, bee-keeping through improved access to inputs and modern technology, improved support services with particular focus on research and extension and increasing areas under irrigation and mechanized agriculture. Steps will be taken to improve produce quality management and access to markets. Measures to institute price stabilisation will be put in place. Other specific measures to improving

access of youth and women to productive assets such as land, credit and markets will be developed. Empowering of pastoral communities will be supported with a view to improving livestock productivity and efficient utilization of rangelands.

To support these strategies, complementary actions will be taken to promote people's participation (governance), provide adequate level of physical infrastructure to cope with the increased activities in agriculture. Rural communities will be involved in the construction and management of rural roads. Measures to ensure access to rural financial services by subsistence farmers, targeting particularly women and youth will be put in place. Cooperatives, community-based savings and credit schemes, agro-processing and overall improvement of agricultural marketing will be promoted.

Further actions will include ensuring improved access to reliable water supply for both consumption and production needs, promoting sustainable management of water catchments areas and maintaining forest cover in critical highland catchments areas. Further, scaling up development initiatives such as community-based labour intensive rural roads construction, enhancement of programmes that focus micro level activities, identifying and reviewing laws and discourage cultural practices which deny women and youth access to productive and financial assets, and educating communities on basic rights of the child including the fight against child labour.

The government will enhance awareness on HIV and AIDS, aiming at changing behaviour in rural areas including in mining areas.

4.3.5 Reducing income poverty of both men and women in urban areas

Although poverty is mainly a rural phenomenon in Tanzania, the severity of poverty in urban areas calls for serious policy attention. Like their women counterparts in rural areas, urban women are also more disadvantaged. To this regard the government will aim at achieving the following outcomes:

- Reducing the proportion of the urban population (both men and women) below the basic needs poverty line from 25.8 percent in 2000/01 to 12.9 percent in 2010.
- Reducing the proportion of urban food poor (men and women) from 13.2 percent in 2000/01 to 6.6 percent by 2010.
- Reducing the proportion of children in labour from 1.2 million in 2001/01 to 0 by 2010.

The broad strategies include promotion of self-employment, increasing the proportion of women and youth in formal sector business and supporting SMEs and the informal sector. The specific strategies under SMEs promotion, especially in agro processing, include provision of credit, improved business environment and supportive technology as well as facilitating private and public investments with a view to creating more and decent jobs and at the same time intensify the fight against child labour. The government will also work to improve the quality of labour through apprenticeship and entrepreneurship programmes for growing business, targeting youths and advocacy against child labour. Further, to enforce policies and laws that increase opportunities for women and youths in both formal and informal sector business and revamp closed and rehabilitating vocational training centres for disabled people. Lastly efforts will be made to ensure regular and reliable supply of energy, water and sanitation in urban areas.

4.4 Improvement of quality of life and social well-being

The Government recognizes the central role of social sectors in achieving the overall development goal of improving quality of life and social well being of Tanzanians. Efforts have been made to increase pro-poor social sector expenditure, but the intended levels of resources have not been fully realized. There is an urgent need, therefore, to increase funding to the social sectors. But due to financial constraints the government will put emphasis on the desired outcomes that can effectively reduce poverty. Greater attention will be paid to equity and quality issues in the delivery of social services. The disparities between rich and poor and between urban and rural citizens in access to and use of social services will be minimized. The most vulnerable and needy groups will be adequately targeted or reached with basic needs and services.

The strategy on the non-income side of the poverty reduction strategy will be guided by the following two broad outcomes:

- Improved quality of life and social well being, with particular focus on the poorest and most vulnerable groups and
- Reduced inequalities (e.g. education, survival, health) across geographic, income, age, gender and other groups.

More specifically, in keeping with the concerns of the stakeholders, and guided by the overarching orientation of Vision 2025 and NPES, the focus of the non-income poverty strategy concentrates on efforts aimed at achieving the following five goals by the year 2010:

4.4.1 Improved educational access, performance and relevance at primary and secondary levels, and universal literacy among adults

Considerable progress has been made under the Primary Education Development Programme (PEDP) which in the first years of implementation concentrated on enrolment expansion focusing on (classroom construction, teachers engagement and teacher deployment) and issues of quality improvement in provision of teaching and learning materials.

In subsequent years of PEDP more emphasis will be given to quality improvement focusing on in-service and pre-service teacher training, teaching / learning materials and system-wide management improvements. The secondary education development programme (SEDP) will complement the PEDP. Expansion of the post primary education system will also increase the chances of children from poor families attending secondary school.

It is well known that children are sexually active at an early age. Effective measures will be taken to control the spread of HIV and AIDS through the education system aiming at protecting children and combating HIV and AIDS and poverty.

Concerns regarding the performance (and retention) of girls during the last years of primary education and throughout secondary education are well recognized. More attention will be given to improved retention and performance of girls in the PEDP (primary education) as well (SEDP) secondary education. The implementation of the PEDP and SEDP that generally aim at eliminating illiteracy by 2010 will also pay special attention to rural women.

To address the identified concerns the focus will be on ensuring equitable access, improving quality and strengthening governance in primary education, as well as expanding access to quality *secondary* and adult education. Specific outcomes to be achieved by the year 2010 (*details in the matrix on cluster 2*) address increased enrolment, both gross and net, taking on board children with disabilities, improved learning environment and issues of access to and quality of education across the board.

The Government will maintain its current policy of abolishing primary school fees and related contributions, and further increase, and promote a more strategic allocation of available resources. A key priority will be to make sure that well-trained and motivated teachers are equitably deployed and adequately supported to perform effectively, with a special incentive package for teachers to work in hardship areas. In addition, a wide range of initiatives will be identified and implemented towards supporting a safer, children-friendly and more conducive environment for efficient and effective delivery of education, including:

- The implementation of improved teaching and learning environments at all levels;
- Promoting effective involvement of school committees and teachers in quality assurance and monitoring;
- Modifying the existing curricula, teacher training, assessment and examination, and school inspection to promote critical, creative and skill-based learning that is of use to school leavers in securing their livelihoods;
- Provide effective HIV and AIDS life-skills education to all primary and secondary schools, and out of school youth programmes;
- Specific interventions aimed at increasing girls' retention and performance in primary, but especially in secondary schools, such as hiring of trained and motivated female teachers, and improving gender dynamics in classrooms and within the school environment.

To ensure a strong foundation of the future of the country, and improve the livelihood of all Tanzanians and further promote improved health outcomes, of children in particular, the Government will prioritise the development, funding and implementation of a cost-effective and sustainable strategy for increasing adult literacy, especially among rural women.

4.4.2 Reduction in infant, child and maternal mortality, morbidity and malnutrition

There have been some successes in immunization coverage of children, in TB treatment and in the accessibility of contraceptive; but with very little progress in key health indicators to date. Also, increasing disparities between the urban and rural populations and between the richest and the poorest income quintiles have been noted. There exists a huge burden of disease across all age groups. Of particular concern is the reported decline in the proportion of births attended by trained medical personnel, the continued poor nutritional status of under fives, and the fact that almost close to 90 percent of all child deaths are due to preventable causes - malaria, pneumonia, diarrhoea, malnutrition and complications of low birth weight; and to HIV and AIDS.

Many poor people, children and women in particular, die without ever accessing a health facility⁷. Key obstacles include health care charges, long distances to health facilities, inadequate and unaffordable transport systems, poor quality of care, weak exemption and waiver system to the sick who unable to access health care by a fee, shortage of skilled providers and poor governance and accountability mechanisms. The availability of drugs has

⁷ Eight out of ten children die at home and six of them without any contact with formal health services.

increased, but some continuing deficiencies and particularly the cost of drugs still makes them unavailable to some people at the time of illness.

Increases in HIV and AIDS prevalence over the last decade further aggravate the health status and future prospects of Tanzanians. Prevention campaigns have succeeded in raising people's awareness, but this has not translated into required behavioural changes; many people still lack factual information about HIV and AIDS, essential for minimizing the risk of transmission. Major types of activities remain under-funded and uneven, particularly in relation to prevention, and distribution across districts. Equitable and sustained access to care, support and treatment are essential to improve the well-being and life expectancy of people living with HIV and AIDS, but issues pertaining to finances, infrastructure, human, and logistical weaknesses need to be resolved first, so as not to further weaken an already constrained health system.

Addressing existing barriers and increasing access to high quality care⁸, particularly by women and children in the rural areas, are a priority in the PRS.

The Government will therefore increase financial, human and technical resources in the health sector to target the needs of under-served populations, including the vulnerable groups. A critical assessment of the human resource development strategy in the health sector was carried out with a view to identifying gaps in health workers skills and designing and implementing a practical plan for their immediate capacity building in key areas. The strategic plan for the health sector 2003-2008 will be implemented fully.

Emphasis will be placed on public health and primary preventive strategies,⁹ and towards implementation of universal and cost-effective basic health services. In addition, critical issues of mortality and morbidity among the poor will be addressed. Examples of these include: IMCI, nutrition, maternal health care/emergency obstetric care, malaria prevention and treatment, diarrhoea diseases, TB, HIV and AIDS, and accident victims from roads, water transport and others. Given the burden of morbidity and mortality due to malaria, particularly for children and pregnant women, the Government will take urgent steps towards exploring cost-effective options for more effective control of malaria.

⁸ These include family planning, adolescent reproductive health, antenatal care, emergency obstetric care, post-natal care and newborn care.

⁹ For example, broad access and use of ITNs, use of safe and clean water, hygienic sanitary measures, targeted nutrition education and supplementation for pregnant women and undernourished children, promoting sound feeding and weaning practices for infants, promoting greater awareness and emphasise cost-effective interventions for reduction of water-related diseases, including environmental health.

With regards to HIV and AIDS and related morbidity, the Government will implement the following specific measures:

- Targeted interventions to have an impact on slowing down the rate of new infections and protect the close to 90 percent of HIV free people in the community, including: full and equitable access to treatment for STIs; broader, systematic and affordable access to family planning services, in particular to condoms; promote and expand equitable access to VCT services; and ensure safe blood transfusion and universal precautions.
- Scale up proven non-ARV interventions, for example TB prevention and treatment, and treatment of opportunistic infections in People Living with HIV and AIDS (PLHAs).
- Investigate and promote equitable, sustainable and cost-effective access to ARVs, with an emphasis on ARV prevention of mother to child transmission (PMTCT+) through a rights based approach that includes the well being of the mother; and make certain that rolling out the treatment plan is done in a well-coordinated and well-costed national plan.
- Link community based initiatives to facilitate within the continuity of care framework to provide long-term care and management of chronic conditions such as HIV and AIDS, tuberculosis, diabetes, and cardiovascular diseases.
- Identify and integrate specific measures (for example, access to family planning services, improved maternal health care) to address gender inequalities and inequities to address the increasing HIV infection among women.

The continued prioritisation of policy and action, including financing, to reduce HIV transmission and its impact on the welfare of those affected, with a special focus on girls, young women, the aged, young children and orphans who increasingly face the impact of HIV A and AIDS, remains essential to all poverty reduction and national development efforts.

4.4.3 Improved environmental sanitation and shelter in urban and rural areas and reduced vulnerability from environmental risk

There are disparities in access to safe and clean water between urban and rural areas, across regions and even within districts. About 47 percent of rural households are still using unprotected sources of drinking water and appropriate maintenance of existing protected water sources continues to be a challenge.

Increasing costs of domestic water is of growing concern for the very poor, especially in unplanned urban settlements. Regarding sanitation, poor facilities prevail in the urban areas

where around 90 percent of the households have to resort to on-site solutions. Flooding due to inadequate storm drainage further exacerbates the problem. Even though a majority of rural households have latrines, they lack proper hygienic use and maintenance. Sanitation facilities at public institutions are often inadequate and they need special focus so as to meet Government guidelines.

Poor people rely heavily on natural resources (land, forests and water) and are most vulnerable to external shocks and environmental risks, including drought and floods. Over-exploitation of natural resources leads to increased environmental degradation that affects the livelihoods of the poor. The government aims to reduce vulnerability to environmental risk through interventions aimed at checking soil erosion and deforestation, reducing environmental pollution and development of mitigation measures against flooding and drought.

The government recognizes the slow pace of ensuring better town planning and improvement of quality housing in rural areas. The supply of new houses in urban areas is outstripped by massive rural-urban migration, and where such housing is available, it is of low quality, is in a poor environment, and with inadequate or no access to essential utilities of clean water, electricity, roads and sewerage lines. Most of the settlements are un-serviced. Adequate sanitation and sustainable access to safe and clean water and shelter play a critical role in supporting livelihoods and ensuring health. Measures to this effect will be taken to ensure improved access and quality of such services.

4.4.4 Adequate provision of basic needs and services to the most vulnerable and needy groups

Growing numbers of children are vulnerable to the shocks and stresses occasioned by poor living conditions, malnutrition and ill health. The effects of HIV and AIDS and gender discrimination are particularly challenging to the lives and future prospects of girls. HIV and AIDS orphans, youths and old people, particularly women, and the handicapped constitute vulnerable groups, for whom extreme poverty is frequently compounded by exclusion and discrimination. Children and adult women are the most vulnerable to the multiple effects of poverty, particularly in rural areas. Food insecurity, limited access to health and education, and a heavy workload increase women's vulnerability to poverty.

A range of specific measures will be identified and implemented to address the situation. The Government will develop and enforce a comprehensive policy on vulnerability and social

protection to harmonise the implementation of programmes, increase the scale of most cost-effective programmes and to improve joint monitoring and evaluation of progress. Specific measures will be identified and implemented to assist in protecting those most vulnerable from falling even deeper into poverty, including: measure to ensure children are protected from exploitation, abuse, and violence; promote access to quality social services, to credit; and to transfers and pensions; increasing the scale of effective micro and area based schemes, social insurance and social assistance programmes. Targeted support measures will be provided to HIV and AIDS affected households headed by children and other orphans, the aged and young women; and simultaneous interventions will be implemented to reduce stigma and discrimination against PLHAs. To ensure that all interventions are sustained and meet the priority needs of the poorest and most vulnerable groups the Government will ensure that the concerned communities are fully involved in designing, and in effectively instituting appropriate social protection measures at the community level. Likewise, the capacity of local authorities will be strengthened to facilitate the identification of the most vulnerable persons and provide them with appropriate supports.

4.4.5 Effective systems to ensure universal access to quality and affordable public services

Functioning and well-equipped public facilities (schools, health facilities, availability of clean and safe water, etc), including adequate, motivated and competent human resources, is a prerequisite to improving the quality of life and promoting the well being of all Tanzanians. This calls for increased attention to provision of essential infrastructure, including health facilities, planned and serviced human settlements and skilled personnel. There is also a need to forge effective partnerships between the government, CSOs and the private sector.

In brief, the Government will increase absolute resources for basic public service, and ensure that a basic infrastructure – facilities, equipment and materials, well-trained, competent and motivated human resource, referral structures, a network of passable roads - is in place to enable the delivery of basic social services. Additional strategies will focus on addressing the weakness of routine data system, coordination and harmonization of existing information systems and ensure better use of available information at all levels to ensure reliability of information collected, to inform equity indicators, and its appropriate use towards improved delivery of social services that address the priority needs of the communities it serves.

4.5 Governance and Accountability

In the area of Governance and Accountability the PRS aims at achieving four broad outcomes:

- Peace, political stability, national unity and social cohesion nurtured and sustained
- Democracy, political and social tolerance deepened
- Good governance and the rule of law ensuring
- Accountability of leaders and public servants ensuring

4.5.1 Peace, political stability, national unity and social cohesion

The principal goal is to improve personal security and reduce crime. The desired operational outcome is to ensure Government institutions and agents such as the police, courts and prisons observe human rights and ensure security for all. Strategies include instituting mechanisms through which all people are able to secure swift and fair action within the police and prisons systems. However, security needs of vulnerable groups that require differential measures of protection, including children, youths (particularly girls), women, people with disabilities, PLWAs and the elderly will be addressed. The Inheritance Law and Marriage Act, which provide equal rights of women and men, girls and boys, will be reviewed. Continued efforts will be made to inform people about their Constitutional and human rights.

The capacity of police to combat crime and handle a large of cases will be increased. The Government will also implement community-sentencing policy and emphasize a rehabilitative rather than punitive approach to prison.

4.5.2 Democracy, political and social tolerance

The principal goal is reduction of political and social exclusion and intolerance. These will be achieved through development of political, social systems and institution institutions that allow for full participation of all citizens including the poor and most marginalized¹⁰. Strategies include designing and implementing campaigns to inform people of their rights and deal with all forms of discrimination and stigma. Legislation requiring employers to utilize equal opportunity employment policies will be enforced. In addition, the goal aims to establish measures to analyse exclusion of vulnerable persons within key review processes

¹⁰ Vulnerable persons include but may not be restricted to children, youth, women, and persons with disabilities, elderly, orphans and people living with HIV and AIDS.

(e.g., health and education sector reviews); to institute reliable mechanisms of citizen complaint regarding the poor and vulnerable persons that ensure people are protected from retribution and intimidation; and to institute legislation and special provisions that categorically define the rights of people with disabilities, including measures that should be taken when these stated rights are infringed.

4.5.3 Good governance and the rule of law

Good governance and rule of law will be achieved through well-functioning systems of democratic governance that is representative, accountable and inclusive. In order to ensure these, the Government will put in place appropriate strategies. These will include scaling up and follow up on the implementation of all the components of the National Framework on Good Governance and improving the capacity of all representative bodies as well as strengthening local level governance institutions. Additional strategies include enforcement and harmonisation of policies and laws relevant to land and natural resource utilization and management including Local Government Acts No. 7, 8 and 9 of 1982, implementation of Land Act 1999 and Village Land Act 1999, and remove conflicting provisions in laws that manage sectors such as mining and wildlife.

Effective mechanisms will be put in place to enable the public to monitor and ensure standards of ethics and accountability of authorities and increase participation and representation of women, children, youth, and people with disabilities, PLWAs and other marginalized persons in all governance structures. Gender will be mainstreamed into policies, plans, budgets and implementation mechanisms including gender monitoring and indicators for good governance.

4.5.4 Accountability of leaders and public servants

This outcome addresses three goals:

- Rights of the poor and excluded are protected and promoted in the justice system.
- Equitable allocation of public resources and effective control of corruption.
- Effective public services framework for service delivery improvement.

Protection and promotion of rights of the poor and excluded in the justice system

The operational outcome for this goal is to ensure timely justice for all, especially the poor and excluded. Strategies include strengthening of the judicial system at all levels, with particular attention to lower/primary courts to improve access, representation and

adjudication of cases involving children, youth, persons with disabilities, the elderly and other vulnerable groups. The Government will also continue to implement and deepen the Legal Sector Reform Programme.

Additional strategies include increasing the capacity and efficiency of the courts to manage a larger number of cases both fairly and more efficiently; to strengthen monitoring of the judicial system by ensuring accessible channels of re-dress. Other strategies will aim to establish a fair and just juvenile justice system that takes the best interest of the child; to eradicate all forms of discrimination against children, youth, persons with disabilities, the elderly, PLWAs and other vulnerable groups.

Equitable allocation of public resources and effective control of corruption

This goal has *three* operational outcomes. First, public resources will be allocated and used in an equitable, accountable and transparent manner. Towards this, strategies will include built-in *equity* principle in the PERs. The needs of the poor and vulnerable populations will be emphasised.

Second, effective mechanisms will be developed to make people aware of official Government policies regarding public financing and official charges as well as their entitlements through civic education and dissemination of information. Systems and institutions of accountability, ethics and transparency of government and non-government officials including political parties will be strengthened. Adequate supervision of Local Government Authorities for completing accounting, financial reporting and auditing functions will be strengthened. Also, public involvement in the preparation, formulation and monitoring of the PRS and budgets will be deepened.

Third, effective regulations and mechanisms regarding petty and grand corruption include strengthening existing mechanisms (e.g., PCB) to operate independently and take effective and swift action and enforcement of the National Anti-Corruption Strategy and Action Plan (NACSAP). Local Government Authorities and MDAs will undertake concrete actions to reduce and monitor corruption within their respective sectors.

Fourth, measures will be taken to strengthen routine data systems to determine levels of poverty and vulnerability for use in policy making and to ensure data is shared widely to the public. Actions will be taken to deepen engagement of civil society in policy processes and to protect and promote the independence of the media.

Effective public services framework to improve service delivery

In order to achieve the above goal administrative systems of government will be managed transparently and in the interests of the people they serve. The Public Service Reform Programme Strategies will be strengthened with particular attention to transparent recruitment based on merit, ethics, skills and ability, institutional rules and incentives, institutional management, cost effectiveness, and customer service and responsiveness.

Regular service delivery/client satisfaction surveys will be carried out in order to monitor quality of public services. In addition, measures will be taken to strengthen the monitoring and evaluation system to ensure performance indicators are tracked against objectives and targets in each MDA; develop, implement and monitor feedback on Client Service Charters together with end-user surveys in each sector; and to promote public-private-NGOs partnership in provision of services. A need is recognised to hire qualified personnel in key social sectors who are trained, motivated, equitably deployed and supervised; and to increase and rationalize remuneration of civil servants in order to fairly compensate workers and to reduce corruption.

CHAPTER 5 : IMPLEMENTATION ARRANGEMENT

This chapter explains the implementation arrangements for the PRS II, which include institutions, roles and responsibilities, harmonization and rationalization of key national processes, a need for a communication strategy, management and organizational issues and capacity development.

5.1 Institutions

The outcome-based approach adopted in PRS II brings to the fore issues of cross-sector collaboration, inter-linkages and synergies in achieving the PRS priority outcomes. The key local actors to implement PRSII include the central and local government ministries and departments (MDAs), Private sector, Civil Society Organizations (CSO) and Communities.

Based on the synergies and inter linkages the PRS II categorizes key actors into five broad sectors. The crosscutting issues are mainstreamed into these broad sectors. The broad sectors are:

- Macro sectors
- Productive sectors
- Social service sectors
- Economic service sectors
- Public administration sectors

Macro sectors

The areas of collaboration include macro policy frameworks, cross-sectoral issues and coordination at national level. These actors include institutions such as Ministry of Finance, Presidents Office - Planning and Privatisation, President' Office – Regional Administration and Local Government, Vice President's Office, Prime Minister's Office, Bank of Tanzania, Tanzania Revenue Authority and Private Sector.

Productive sectors

The areas of collaboration include public and private investments, marketing, regulatory mechanism, communication, employment and cross cutting issues. Key sectors include agriculture, small and medium enterprises, mining, trade, industries, and lands. Main actors in this area include the private sector and the government in selected areas of production.

Social Service sectors

These sectors include education, health, water and sanitation. The possible areas for collaboration include improvement in access to social services, improvement of quality and delivery of social service, including social protection and crosscutting issues. The actors to be involved are government ministries, local government authorities, private sector and civil society working in these areas.

Economic services sectors

These sectors include roads, constructions, transport and communication, energy, water, lands and storage facilities. The possible areas of collaboration are investment, joint ventures, regulatory, employment, develop and maintain infrastructure and crosscutting issues. Actors include the respective Government ministries, local government authorities, private sectors and community at large.

Public administration sectors

The areas of collaboration include policy, guidelines, circulars, and administration of laws and by laws, peace, security protection of human right and stability. The actors include Government ministries and Local Government Authorities.

All these broad sectors involve several actors who will collaborate in the planning, implementation and monitoring process to maximize on inter-linkages and synergies. Each of the categories will have a convener/lead sector (or any other mechanism to be agreed)

5.2 Roles and responsibilities

The following are the roles and responsibilities for government institutions and non-government institutions in the implementation of PRS II.

5.2.1 Ministries, Departments and Agencies

The Central ministries will have the following responsibilities in line with the Public Service Reform Programme:

- The Vice President’s Office will continue to coordinate the PRS and Poverty Monitoring System and will work closely with other actors to ensure that progress in achieving PRS outcomes is monitored and evaluated. The Vice President’s Office will facilitate the interface between the national poverty monitoring system and local government M&E on different aspects of monitoring. The VPO will ensure crosscutting issues are adequately coordinated and mainstreamed during the implementation of the PRS.

- The President's Office Planning and Privatisation will have a lead role in incorporating PRS priorities in the annual budget guidelines, as well as maintaining macro economic policies that are consistent with poverty reduction targets.
- The Ministry of Finance will be responsible for mobilizing and allocating financial resources to PRS actors.
- The Ministry responsible for public service management in collaboration with other actors within the government will coordinate capacity building and skills development programmes.
- The sectoral ministries will be responsible for policy guidance, supervision, coordination, implementation and monitoring activities in their sectors and across sectors, which are contributing towards achievement of particular PRS outcomes. They will also be responsible for identifying detailed priority actions (sectoral and cross-cutting) that will be taken during the implementation of the PRS.
- The Ministry responsible for Regional Administration and Local Government will coordinate implementation of programmes at regional and district level. It will also be responsible for capacity building measures at the local government levels. On the other hand the ministry will lead in collection and dissemination of data from grassroots level to the national level and vice versa.
- At the district level, Local Government Authorities (district/town/municipal/city councils, village/*mtaa*) will plan and implement programmes within their jurisdiction, in collaboration with other actors, including communities and households.

5.2.2 Non-governmental actors

Findings from PRS consultation indicated key roles for Non Government actors in achieving desired outcome of poverty reduction. These include the Private sector, the Civil Society Organizations, and the Development partners.

Private sector

The private sector has an important role in achieving PRS outcomes because of its central role as an engine of economic growth. In view of this, the private sector will be encouraged to invest in pro poor areas such as in agriculture, agro processing, small and medium scale enterprises (SMEs) and vocational skills training. Already the private sector contribution in

the provision of social services, such as in health and education is significant, and such contribution will have impact on achieving desired outcomes.

The private sector during PRS II is expected to play a greater role in increasing domestic investment to boost productivity, create employment and maximize value addition. Other roles include mobilization of savings and investment, provision of credit facilities, and supply of inputs as well as marketing of produce and other products. To this end the Government will pursue more legal and regulatory reforms to support the private sector in acquiring the capacity to formulate effective organizational structures, competence in production and marketing strategies including capacity to compete in regional and global markets.

Public-private sector partnership (PPP) and related actions will be promoted and developed, with priority to investments in infrastructure, social services delivery, technology and delivery of financial services. Intra private sector dialogue will be encouraged in order to strengthen this partnership.

Civil Society Organizations

The civil society organizations are key actors in poverty reduction. Their roles and responsibility will be to build local capacity and empowering communities, participate in monitoring and evaluation at national and community level, mobilizing and enhancing community participation as well as community resources for poverty reduction. CSOs will advocate for accountability of its members and government to the people.

Development Partners

Development partners will continue to work closely with key actors to address poverty reduction outcomes. According to thrust of the Rome Declaration and Tanzania Assistance Strategy, Development Partners will use the existing agreed national system and processes to provide additional financial, technical and other support in the implementation of the poverty reduction strategy. Development Partners will also facilitate capacity building initiatives within the PRS framework as well as participating in monitoring and evaluation.

Communities

Communities will participate in planning implementation and monitoring community activities supported by government and other actors. Communities will also monitor quantity and quality of services delivered to them.

5.3 Harmonization and rationalization of national policy processes

There are several key national level processes, namely: -

- Poverty Reduction Strategy and Poverty Monitoring (PRS/PMS);
- Public Expenditure Review (PER) and Medium Term Expenditure Framework (MTEF); and
- Tanzania Assistance Strategy (TAS), Poverty Reduction and Growth Facility (PRGF), Poverty Reduction budget Support (PRBS), Poverty Reduction Support Credit (PRSC).

The government will ensure that these key processes are appropriately sequenced, proper timing and provide adequate linkages and synergies among them. The PRS and budget processes are at the centre of all processes. The PRS outputs will feed into the PER process, which again informs the preparations of budget guidelines. The budget guidelines inform sector budget and MTEF preparations. TAS process will also inform the PER process on external assistance. The PRGF, PRBS, and PRSC processes will be rationalized to feed into PER and PMS processes. The harmonized calendar is attached as Annex I, “*Proposed Annual Process Cycle*”.

5.4 PRS Communication Strategy

The government is committed to opening up and maintaining channels of communication with key stakeholders including MDAs, Private sector civil society organizations, communities and development partners, to create a sense of national ownership and enlist broad participation. The PRS communication strategy will be a tool for reaching stakeholders as well as an effective feedback mechanism. The communication strategy will facilitate opportunities for debate, dialogue and sharing of knowledge to strengthen the development and implementation of poverty reduction strategy. The strategy will complement existing communication interventions and broadened to take on board the PER and TAS processes.

5.5 Management and organizational issues

Management and organizational needs of the PRS grouped sectors and secretariats (PRS, PER, TAS) and technical working group will also be addressed. The PER and PRS work will be organized in a manner that sector inter-linkages and synergies are realized. This will require, for example, moving from sector-based PER/reviews to cross-sector collaboration based PER/reviews, e.g. health reviews can be combined with water and education.

Structures and incentive systems will be put in place to enable the cross-sector collaboration mechanism to work effectively and efficiently.

5.6 Mainstreaming crosscutting issues

In order to adequately mainstream crosscutting issues steps have been taken to integrate them into the PRS; details will be incorporated into sector plans. Sectors will revisit their work on PRS and PER through sector working groups in collaboration with the PRS Crosscutting Working Group, which is currently coordinated by VPO.

5.7 Capacity development needs

The shift from priority sector approach to outcome based implementation of the PRS will demand the change in mindset, orientation of skills, work processes, instruments, procedures, staffing and institutional set-up to support cross-sector collaborations to achieve shared PRS outcomes and the Millennium Development Goals. Capacity needs required harmonizing and achieving greater policy coherence and synergy between Poverty Reduction Strategy and other processes will be an imperative. The Public Sector Reform process will continue to be a framework within which the capacity issues will continue to be addressed. The government will ensure that public service delivery is improved.

5.7.1 Training requirements

Priority will be given to training of key actors in central and local government, civil society and private sector in designing, implementation and monitoring of pro-poor policies and strategies. Sensitisation programmes will be prepared for media and Parliament. Tailor-made training modules to suit the requirements of different cadres will be produced in collaboration training and research institutions. Moreover, capacity building of the actors at district level is critical, given the role of local government in implementation of the PRS. These will be addressed through Local Government Reform Programme (LGRP), poverty monitoring process as well as other interventions.

5.7.2 Systems development

The budget process particularly allocations and monitoring will be designed in such a way that it captures priority outcomes with associated priority actions. Also, the PMS will be reviewed to enable better reporting on progress achieved towards agreed outcomes. Efforts will be made to improve the routine data, functioning of the local government monitoring and evaluation system. Focus will be on developing integrated management information systems.

5.7.3 Technical Assistance

Following the study on technical assistance, the Government will develop Technical Assistance Policy. The required technical assistance (TA) will focus on building capacity for poverty reduction. The Government will ensure that the TA improves the quality of the capacity of individuals, institutions and systems and therefore aid effectiveness.

CHAPTER 6 : MONITORING AND EVALUATION OF PRS II

6.1 Introduction

Monitoring of PRS II will be tailored to the new outcome-based approach of the strategy. In addition, the monitoring strategy will draw on the lessons learnt from the implementation of the first Poverty Monitoring Master Plan (PMMP). Its focus will also be on providing information for the use of policy makers at the national, regional and district levels and for civil society, the private sector and donor partners.

Details of the revised PMS appear in the PMMP, which will be developed after completion of the PRS II. This Chapter however gives a general outline of the proposed monitoring and evaluation plan for PRS II. It shows some of the key refinements that will be made to the monitoring system.

The Chapter is divided into five sections. The first deals with challenges to the PMS by the PRS II. The second section outlines the monitoring strategy to be used by PMS II. The third summarizes key elements of the monitoring and evaluation strategy. The last section shows the expected tools and deliverables of the PMS.

6.2 Challenges in monitoring of PRS II

The revised Poverty Monitoring System will address the following challenges:

- Strengthen linkages with the Local Government M&E system and greater coherence with the national monitoring system and the Zanzibar Poverty Reduction Plan M&E System
- Provide more disaggregated data to facilitate monitoring at the sub-national level.
- Give increased attention to monitoring i.e., inputs, output, outcome and impact levels and also on processes, where appropriate.
- Harmonize output/information from Public Expenditure Review (PER) Committees and the PMS monitoring (output) indicators. This gap in information prohibited comprehensive analysis of the performance of the PRS on (a) tracking of targets set for indicators and (b) for feedback of results into actual policy formulation.
- Complete the integration of the MDG targets and indicators.

- Provide further opportunities for the donor community to pool its funds and consolidate input for poverty monitoring and, for government to obtain counterpart support for its own contribution.
- Expand the Tanzania Socio Economic Database (TSED).
- Collect and analyse more qualitative information (through participatory PPAs, poverty maps and social atlas) than in the past. It will also possess a more guided research and analysis programme to evaluate change to the desired outcomes of the PRS II.
- Revise data collection and indicator-monitoring programme to fit the new focus on priority outcomes. The national census and survey programme will expand to ensure greater coverage of indicators for monitoring, to include agriculture and (SME) business surveys and industrial output. The strategy for strengthening the routine data system will also be implemented to ensure that data are available for monitoring and evaluation.
- Improving communications among TWGs and between the TWGs and the PRS/TC.

The tool for indicator monitoring will also be refined. It will provide for four levels of monitoring, i.e., at the input, output, outcome and impact levels. Monitoring and Evaluation of the PRS II will be done at several levels. These are the input, output, outcome and impact levels. These levels correspond to the resources, activities and short-term objectives, specific aims/outcomes and broad outcomes/goals of the strategy.¹¹

Output indicators will be monitored yearly to determine if they are meeting the intermediate and end point (2009/10) targets of the Strategy. Services delivered, persons trained, and other activities generated to contribute to an outcome will be measured at this level.

Yearly targets will be set depending on resources available for achieving a specific output.) Indicators of these *inputs* (human and financial resources and policies in place) will also be monitored on a yearly basis using the reports of the PER, TAS and PRS processes and other national and regional policy instruments, such as the Local Government Reform Programme (LGRP).

The monitoring system will also evaluate real changes in behaviour and practices (e.g. corruption or HIV/AIDS, skill and ability levels, improved accessibility to services). *Outcome* indicators will be set so that an evaluation of the Specific Aims/Outcomes of the PRS II can be achieved. The evaluation of the outcome indicators is expected to lead to measurable *impact* of the PRS II interventions.

Additional indicators will be required to monitor new outcomes in PRS II, especially for the cross-cutting areas such as the environment, gender, HIV/AIDS, children, youth, employment, disability and ageing and for the additional ‘drivers of growth’ such as mining and tourism, and for the expanded governance cluster, all of which are now integral parts of PRS II.

It is anticipated, nevertheless, that the current set of indicators will continue to be monitored, although care will be taken not to over-burden the PMS.

6.3 Key elements of PMS II

Key elements of PMS II will therefore be as follows:

- An institutional structure comprising Technical Working Groups, the Committee of Chairpersons, the PRS/PMS Technical Committee and the National Poverty Monitoring Steering Committee. The Terms of Reference for these institutions are elaborated in the PMMP II.
- Priorities set for the (multi-year) national census and survey programme, as they relate to the monitoring indicators.
- A rationalized system of routine data collection at the national and sub-national levels.
- Capacity development at the local government level for data collection, analysis and usage.
- Guidelines for determining research priorities that will include outcome and impact evaluations of the PRS II outcomes.
- Dissemination plans targeted to key stakeholders, such as, the national and regional government, local government authorities and civil society.
- A communications strategy.
- A budget for the period 2004/05 – 2006/07 and the pooled funding arrangements.

6.4 Monitoring tools and deliverables

Monitoring tools and deliverables of the PMS II will be:

- PRS annual progress report.
- Annual Poverty and Human Development Reports.
- Analytical reports on surveys and censuses.
- Updated TSED indicators and MDG Report for 2005 mid-term evaluation.
- Policy briefs.
- A communications strategy with an interactive element to facilitate on-going feedback from stakeholders.

The poverty monitoring website www.povertymonitoring.go.tz with links to Tanzania online website will also be used as part of the monitoring mechanism of the PMS and a key tool in the communications strategy.

CHAPTER 7 : PRS II FINANCING STRATEGY

7.1 Introduction

This chapter assesses the financing implications of reaching PRS II targets. It revisits key features of PRS I financing framework and related challenges; and then presents PRS II financing framework, methodology for estimating financing requirements, and the financing strategy.

7.2 Review of PRS(P) Framework

The approach followed to derive financing estimates of PRS(P) was to estimate the budgetary requirements of priority sectors and priority activities within them. The priority sectors were Education, Health, Water, Agriculture, Roads and Judiciary, plus HIV AND AIDS as a crosscutting issue. Lands sector was added later to the priority sector list, while the Judiciary was expanded to include all departments under the Ministry of Justice and Constitutional Affairs and the Ministry of Home Affairs – all under the umbrella name - Justice System.

The costing of priority interventions was based partly on the analysis of recurrent cost implications of sector programs and inputs from the PER and MTEF. The cost of health, education, water and roads was based on an estimate of the basic unit of service. The estimates of remainder of the sectors were based on PER/MTEF estimates. From these estimates financing requirements were derived for the medium term subject to availability of the resource envelope.

The estimation of financing implications of implementing PRS I presented a number of challenges:

- The information available was often insufficient to determine the unit cost, especially in the social sectors where inputs and outputs are hard to measure.
- Weak link between policies, actual costs and resource allocations – mainly because costs of most policies were unknown, also complicated the estimation process.
- The financial implications of poverty-reducing interventions within “non-priority sectors” were not explicitly considered in PRS I. As such, the financing plan was not comprehensive.

- The interdependent nature of the goals as well as the institutional arrangements that guided resource allocation (through the MDAs) made financing delineated by sector less meaningful.

The financing strategy under PRSP centred on government budgetary allocations to priority sectors and activities. This was complemented by donor support through basket financing, direct project funds, as well as contributions by private sector, communities, NGOs and other stakeholders. Poverty-reducing interventions outside the priority sectors were financed through allocations to “other priorities” (e.g., energy) in the general government budget.

7.3 PRS II Financing Framework

7.3.1 Basic Considerations

- The estimation of PRS II financing builds on the PRS I approach, while trying to address some of the weaknesses noted above, but focusing more on costs of attaining specific outcomes.
- Recognizes that some of the targets/outcomes are multi-sectoral or interdependent thus requiring clear identification of cross-sectoral interventions and therefore financing needs.
- As under PRS I, the financing of poverty interventions will continue to depend mainly on domestic resource mobilization efforts. Although the Government has shown resolve to reduce dependency on foreign financing, this source of financing will remain crucial in supplementing domestic resources for the foreseeable future. Other sources of financing will involve contributions from private sector and CSOs (mainly in service provision), communities, and households. For the financing strategy to be effective the Government will continue to urge donors and other stakeholders to direct their support to poverty-reducing interventions.
- PRS II financing requirements are estimated under the presumption that the economy will continue to grow by at least 5 percent per annum such that domestic resource mobilization targets will be met.
- GFS classification will be used wherever possible to link the budget and specific poverty-reducing interventions (Table 1).

7.3.2 Estimation of Financing Requirements

- Methodology: A variant of the methodology used in the Millennium Project MDG Country Case Studies will be used to estimate PRS II financing requirements. The methodology involves the following main steps:
 - Identification of the list of interventions for poverty reduction [**Based on inputs from Ch.4**]
 - Specification of targets for each set of interventions [**Based on inputs from Ch.4**]
 - Estimation of total resource requirements (using unit costs and international comparisons) [**spreadsheet estimation**]
 - Develop a financing strategy – distinguishing between sources and funding and emerging gap.

7.4 PRS II Financing Strategy

- This section will present the overall projected resource envelope for the medium term (three years), and will be rolled over during the years of implementation of PRS II. The existing *Medium Term Plan and Budget Framework* for 2004/05-2006/07 is premised on projected resource envelope and expenditure consistent with the macro economic targets. The domestic revenue (assuming 20 percent VAT) is projected to increase from 13.3 percent of GDP in 2003/04 to about 13.8 percent in 2004/05, rising to 14.0 percent by 2006/07.
- √ Government domestic financing capacity (tax and non-tax revenue):
 - Not all of the domestic resources will be used to fund poverty-reducing interventions. The financing requirements for poverty-reducing interventions for outer-years of MTEF will be worked out starting from the baseline year (e.g., 2004/05).
 - Overall, growth of resource requirements will be aligned to projected growth in domestic resource envelope.
- √ Projections of Donor Financing: Donor contributions will continue to be estimated based on donor pledges/commitments as submitted to MOF through PER process. (**To be expanded after the ongoing General Budget Support Study commissioned by the Government**)

Annex 1: Proposed Annual Process Cycle

Quiet Time shaded à	July	August	September	October	November	December	January	February	March	April	May	June
PRS	National Poverty & Human Dev't. Report	JSA	PRS Review/ Progress Report	Poverty Policy Week						Participatory Poverty Assessment field work	National Poverty Analysis published	
PER	On-going PER Meetings →											
	Annual Plan Set	Work TOR Circulated		Deadline for Donor Submission of Projections Data				External Review	PER Annual Meeting/ External Review Report			PER workplan
			Sector PERs & Macro Studies conducted and finalized.				Cycle of PER Sector Reviews of PER Studies/ BGs/ Budget Inputs					
GOT Budget & MTEF	Government Budget Session				Budget Guidelines Preparation				Tax Task Force	Budget and MTEF Preparation		Government Budget
								Sector Budget and MTEF Preparation				
PRBS/PRSC					Annual Review/ Pre-Appraisal			Budget Review /2		Mid-Term Review/ Appraisals and Negotiations		
PRGF 3\			IMF PRGF Mission		IMF Staff PRGF Report issued			IMF PRGF Mission	IMF Staff PRGF Report issued			
Consultative Group	CG Meeting (date to be agreed based on need)											
TAS / Harmonisation Process		Annual Implementation Report Issued	Group Meeting			Group Meeting			Group Meeting			Group Meeting

