



THE UNITED REPUBLIC OF TANZANIA

**NATIONAL STRATEGY FOR GROWTH AND
REDUCTION OF POVERTY (NSGRP)**

VICE PRESIDENT'S OFFICE

June 2005

List of abbreviations

AIDS	Acquired Immune Deficiency Syndrome
ALAT	Association of Local Authorities of Tanzania
CBO	Community Based Organization
COBET	Complementary Basic Education in Tanzania
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	Human Immuno-deficiency Virus
ICT	Information and Communication Technologies
ICBAE	Integrated Community-based Adult Education
ILFS	Integrated Labour Force Survey
IMCI	Integrated Management of Childhood Illness
IF	Integrated Framework for Trade Development
JITAP	Joint Integrated Technical Assistance Programme
LGA	Local Government Authority
LGCDG	Local Government Capital Development Grants
LGRP	Local Government Reform Programme
MAFS	Ministry of Agriculture and Food Security
MFAIC	Ministry of Foreign Affairs and International Cooperation
MDNS	Ministry of Defence and National Service
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
NDC	National Development Corporation
NDS	National Debt Strategy
NEMC	National Environment Management Council
NGO	Non-Government Organisation
NIP	National Institute of Productivity
NPES	National Poverty Eradication Strategy
NSGRP	National Strategy for Growth and Reduction of Poverty
PER	Public Expenditure Review
PFM	Participatory Forestry Management
PHAST	Participatory Hygiene and Sanitation Transformation

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
PSRC	Parastatal Sector Reform Commission
SDI/DCs	Spatial Development Initiatives / Development Corridors
SMEs	Small and Medium Enterprises
SEDP	Secondary Education Development Programme
SIDO	Small Industries Development Organisation
SBAS	Strategic Budget Allocation System
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
TDTC	Technology Development and Transfer Centre
TFNC	Tanzania Food and Nutrition Centre
THA	Tanzania Harbours Authority
TIC	Tanzania Investment Centre
TIP	Trafficking in Persons
TMTP	Tanzania Mini-Tiger Plan 2020
TRA	Tanzania Revenue Authority
TRC	Tanzania Railways Corporation
TSED	Tanzania Socio-Economic Database
TTCL	Tanzania Telephone Company Limited
TUCTA	Trade Union Congress of Tanzania
VETA	Vocational Education Training Authority
VPO	Vice President's Office

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CHAPTER I: BACKGROUND

1.1 Introduction

The National Strategy for Growth and Reduction of Poverty (NSGRP) is a second national organizing framework for putting the focus on poverty reduction high on the country's development agenda. The NSGRP is informed by the aspirations of Tanzania's Development Vision (Vision 2025) for high and shared growth, high quality livelihood, peace, stability and unity, good governance, high quality education and international competitiveness. It is committed to the Millennium Development Goals (MDGs), as internationally agreed targets for reducing poverty, hunger, diseases, illiteracy, environmental degradation and discrimination against women by 2015. It strives to widen the space for country ownership and effective participation of civil society, private sector development and fruitful local and external partnerships in development and commitment to regional and other international initiatives for social and economic development.

The NSGRP builds on the Poverty Reduction Strategy Paper (PRS(P)) (2000/01-02/03), the PRS Review, the Medium Term Plan for Growth and Poverty Reduction and the Tanzania Mini-Tiger Plan 2020 (TMTP2020) that emphasize the growth momentum to fast-track the targets of Vision 2025. The NSGRP is expected to last 5 years, i.e. from 2005/06 to 2009/10. The end point of the strategy coincides with the targets of the National Poverty Eradication Strategy (NPES - 2010); it is two thirds of the way towards the MDGs (2015) and 15 years towards the targets of Vision 2025. The longer-term perspective (5 years) is considered to be a better time frame than that of three years. It allows for a more sustained effort of resource mobilisation, implementation and evaluation of the poverty reduction impact.

The strategy requires increased commitment and resources from domestic stakeholders and development partners in the medium term. To increase the effectiveness of aid, Tanzania will pursue the principles laid down by the Tanzania Assistance Strategy (TAS) and Joint Assistance Strategy (JAS) for harmonisation alignment of aid modalities.

1.2 Context of the strategy

There has been improved economic performance at the macro-level in the past six years. GDP growth rate consistently rose reaching 6.2 percent in 2002. National Accounts estimates show that the growth rate dropped to 5.6 percent in 2003 due to drought that led to reduced food supplies and decreased power supply. In 2004 there has been a remarkable rise to record 6.7 per cent GDP growth rate. During the same period, inflation has been under control. The annual inflation rate was 4.4 percent in 2003 compared to 6 percent in 2000. The rate increased from 4.0 percent in July 2003 to 4.6 percent at the end of March 2004 due to drought and the sharp rise in oil prices. Foreign reserves reached 8.9 "months of imports" compared to 6.3 "months of imports" in 2000. At the end of March 2004, the

reserves could cover imports of goods and services for about 8 months, which is above the target of 6 months. The nominal exchange rate is market-determined with interventions limited to smoothing fluctuations.

Increases in investments in infrastructure such as roads, telecommunications, mining and tourism have been recorded owing to increased inflows of foreign direct investments (FDI) and domestic revenue effort. Progress has been noted in the social services and public support services. Significant improvement in performance is evident in areas such as primary education and road network. Overall, the current levels of delivery of services require further improvements in quantity and quality, which calls for sustained investments in all sectors.

These positive results reflect years of enduring structural reforms in a stable social-political environment, underpinned by implementation of the three years of the PRS(P) which focused more on priority social sectors. A number of challenges remain, including maintaining socio-political stability as the country strives for still higher economic growth, equity and improved quality of life. The target GDP growth rate for the NSGRP is estimated to be 6-8 percent per annum over the period 2005-10. However, policies will be required to ensure that the pattern of growth is pro poor and benefits at the macro-level are translated into micro-level welfare outcomes.

The PRS(P) was linked to debt relief under the enhanced High Indebted Poor Countries (HIPC) initiative. Debt relief and other resources were mainly channelled into “priority sectors” of education, health, water, agriculture, rural roads, the judiciary and land. Spending on these areas was considered to have greater impact on poverty reduction. However, the resources were not sufficient, for the “priority sectors” to achieve the envisaged goals and targets over three years. To that effect, poverty and inequality levels are still high. Hence, it will require all sectors and much more resources to bring about growth that is required to reach the targets of poverty reduction outcomes in this strategy. For this reason, the NSGRP adopts the “outcomes-approach” which counts on the contribution of all sectors towards specific outcomes on growth, improved quality of life, good governance and equity. The approach encourages inter-sector collaboration in devising more efficient ways of achieving these outcomes.

The strategy pays greater attention to further stimulating domestic saving and private investment response, infrastructure development, human resource development, increased investments in quality education, science and technology and use of Information and Communication Technologies (ICTs), a competitive knowledge-based economy and an efficient government. In addition, the strategy seeks to:

- Deepen ownership and inclusion in policy-making processes by recognising the need to institutionalise participation rather than a one-off event. Public debate on growth, equity and

governance issues will continue throughout the five years of the strategy, along with arrangements for monitoring and evaluation;

- Pay greater attention to mainstreaming cross-cutting issues - HIV and AIDS, gender, environment, employment, governance, children, youth, elderly, disabled and settlements; and
- Address discriminatory laws, customs and practices that retard socio-economic development or negatively affect vulnerable social groups.¹

There has been, in the meantime, improved understanding of the characteristics of poverty such as levels and geographic pattern of poverty and inequality and vulnerability. The emerging poverty issues and strategic options have been included. These have increased pressure for results and additional financing requirement.

Embarking on a “new approach” presents formidable challenges. Foremost of these, relate to setting criteria for prioritisation as part of implementation planning. Criteria that will guide prioritisation will be informed by, among others, the on-going commitments; quick win strategies with immediate and wide or broad coverage of the poor (e.g. governance reforms, micro-credit, child nutrition, malaria and HIV and AIDS, water programmes, agricultural productivity, trade, communications and others); and those that demonstrate greater inter-dependence between/among sectors. The policy packages and indicative “groupings” for collaboration of sectors and other actors toward specific outcomes and targets (see Annex) were arrived at through sector consultations. Activities and associated budgeting will be done as part of the PER/MTEF and sector development review processes based on the desired outcomes of the NSGRP.

Mobilisation of domestic resources will be accelerated through improvement in tax administration, enhanced domestic savings and mobilisation of community and private sector resources. In addition to seeking more foreign aid, the Government will ensure that the objectives of debt sustainability, and macroeconomic stability, are attained, and business-environment conducive to private sector development and foreign investments is in place. The NSGRP emphasises accountability in the use of both domestic and foreign resources.

1.3 Outline

The NSGRP has eight chapters. Chapter II presents the status of poverty and challenges ahead. Chapter III outlines the consultation process while Chapter IV spells out the framework of the strategy. Chapter V outlines the strategy in details. Implementation arrangements are discussed in Chapter VI and monitoring and evaluation in Chapter VII. Chapter VIII presents the financing arrangements for the strategy.

¹Throughout the text, these include children, persons with disabilities, youths (unemployed, youths with unreliable income and female youths), and elderly persons, people living with long illness and HIV and AIDS, women (widows, other women who are not able to support themselves). Drug addicts and alcoholics can also be included.

CHAPTER II: POVERTY STATUS AND CHALLENGES

2.1 Introduction

This chapter retrospectively describes the status of poverty in Tanzania. It revisits income poverty, status of employment, non-income poverty, vulnerability and cross-cutting issues. Explicit reference is made to the rural-urban, regional and gender disparities, income inequalities and how income poverty overall is related to productive and economic service sectors. The complementarities of activities that reduce income and non-income poverty should be born in mind since, for instance, higher incomes imply ability of households or a nation to afford better social services. Aspects of non-income poverty are also presented, briefly showing the current situation, recent performance and desired outcome(s), direction of change, or the challenge(s) ahead for the NSGRP.²

2.2 Income Poverty

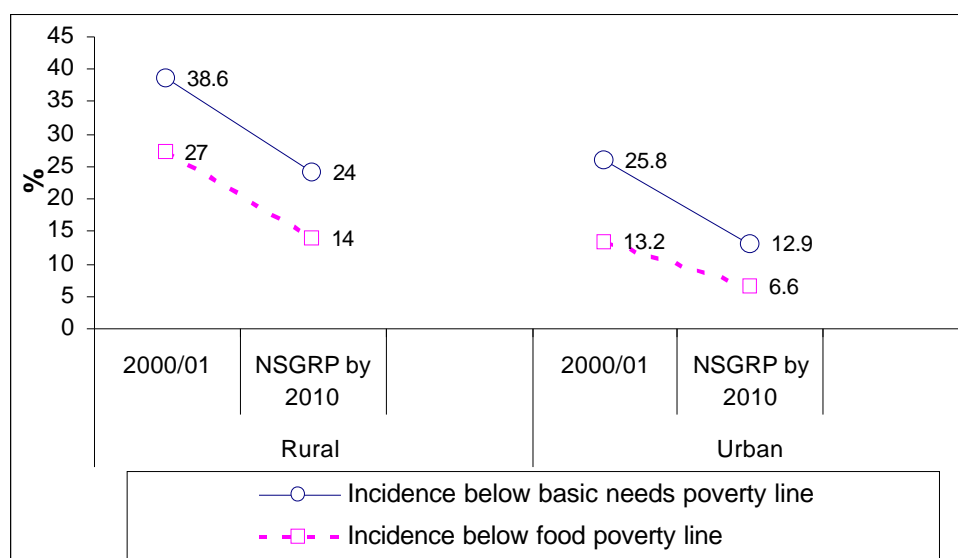
The prevalence of income poverty is still high in Tanzania. According to the Household Budget Survey of 2000/01 the proportion of the population below the national food poverty line is 18.7 percent and that below the national basic needs poverty line is 35.7 percent. Comparing these results with those of the Household Budget Survey of 1991/92 there has been a small decline in the proportion of the population below the national poverty lines. Basic needs poverty decreased from 38.6 percent to 35.7 percent and food poverty from 21.6 percent to 18.7 percent. Poverty remains overwhelmingly in rural areas where about 87 percent of the poor population live. It is highest among households who depend on agriculture. As the population is growing, the absolute number of the poor raises concern. There is also a big disparity between urban and rural poverty for both food and basic needs poverty. The HBS 2000/01 results reveal growing income inequality as measured by a rise in the Gini-coefficient from 0.34 in 1991/92 to 0.35 in 2000/01.

Figure 2.1 shows the NSGRP (2010) targets of reducing basic needs income and food poverty by 2010 basing on the 2000/01 HBS estimates of poverty incidence (or head count ratio) - the proportion of people living below the basic needs and the food poverty lines respectively. The targets are shown for rural and urban areas. As noted earlier, the NPES envisioned halving poverty by 2010 while MDG (1) targeted halving the proportion of people living below the national poverty line by 2015 with 1990 as base. The IDT/MDG Tanzania report (2001), for instance, estimates the 2015 target of halving the proportion of people living below the national poverty line at 24.2 percent, being half of 48.4 percent estimated from the 1991/92 HBS. Attaining the NSGRP target of 24 percent (for basic needs) by 2010 is, therefore, ambitious. It will require a high and fast growth rate of GDP, faster in rural than in urban

²Details of the poverty status can be found in recent analyses and reports, particularly the *Poverty and Human Development Reports* (2002, 2003), the *Household Budget Survey 2000/02*, the *2002/03 Tanzania Participatory Poverty Assessments* (TzPPA), the *2002 Population and Housing Census* main report, and the *National Accounts* (2002 and 2003).

areas. The paths in Figure 2.1 are not “straight lines” due to growth-retarding factors such as HIV and AIDS, external market conditions and other domestic shocks.

Figure 2.1: Trends and targets of income poverty reduction: headcount* (%) by 2010



Note*Headcount is percentage of population that is below the basic needs poverty line or food poverty line.

The modest decline in poverty is associated with the low annual average per capita real growth of only 0.6 percent during the 1990s. According to the National Accounts, growth was faster in manufacturing, construction, mining and quarrying, as well as in wholesale, retail and hotels, than in agriculture. However, though vital, most of these activities are urban-oriented. Henceforth, it is important to devise strategies that will enable these sectors to widen livelihood opportunities to the poor. To that effect, initiatives to support rural-oriented sectors will be emphasised to empower the rural populations to increase their productive capabilities.

2.2.1 Geographic disparities

Indicators of income poverty, human capabilities, survival and nutrition and the Human Development Index (HDI), clearly shows growing rural-urban divide. There are also disparities across and within regions and districts in poverty status. Disparities are explained by the pattern in the distribution of population, endowment in natural resources, climatic conditions, as well as in the distribution of infrastructure, such as transport, schools and health facilities. The challenge is to identify potentials in the poorer districts and regions for possible new investments and, through the budget allocations, improve provision of infrastructure and social services in the most disadvantaged areas.

2.2.2 Perspective of agriculture and other productive and service sectors

Income poverty is closely related to growth in the productive and services sectors. Sector-based constraints precipitate income-poverty to the extent that they limit growth in the sector(s) and hence adversely affect the provision of services that reduce non-income poverty. The challenge is how to make sectors, individually and collectively, contribute more to poverty reduction.

Agriculture is the lead sector, accounting for 45 percent of GDP and about 60 percent of export earnings in the past three years. It is the source of food and raw materials for industries. It also provides livelihoods to 82 percent of the population. Recently, the sector has registered average annual growth rates of 4.8 percent compared the average growth of 3.1 percent during 1998 to 2000. The constraints to rural growth are largely related to those in the agricultural sector, broadly defined to include livestock and bee-keeping. The constraints include low productivity of land, labour and production inputs; underdeveloped irrigation potential; limited capital and access to financial services; inadequate agricultural technical support services; poor rural infrastructure hindering effective rural-urban linkages; infestations and outbreaks of crop; animal pests and diseases; erosion of natural resource base and environmental degradation. Others include gender relations, weak producers' organizations, poor coordination and limited technological capacity, depressed prices for primary commodities in global markets and insecurity with respect to property rights to land and its use as collateral for credit. Some nuisance taxes and levies have been reduced but further steps are needed to reduce administrative fiats that often constrain marketing of agricultural output.

Diversification into non-farm activities in rural areas has not been very helpful since these activities are small in scale, often taken up as coping strategies. In general, they are scattered and less amenable to organisation than in urban areas. They face constraints that are similar to, though often worse, than those faced by SMEs in urban areas. Efforts are required to impart organisational and entrepreneurial skills to rural inhabitants to turn non-farm activities into viable sources of livelihoods.

The industrial sector grew by 8.6 percent in 2003 compared to 8 percent in 2002 (Economic Survey 2004); but the increase has not been uniform across industrial establishments. The constraints include domestic supply-constraints, low technological capacity and intense competition from imports. Low backward and forward linkages to agricultural production through agro-processing and value-addition to other primary products diminish the direct contribution of the sector to the reduction of income poverty through creation of employment opportunities.

The natural resource sectors contributed an average of about 5.7 percent of GDP, with fisheries showing the highest growth rate and substantial increases in export earnings. This does not include contributions of natural resources in providing energy and water as well as tourism. However, the present use of natural resources is unsustainable (e.g. wanton tree-felling for charcoal production, bad farming methods that precipitate soil erosion, bad fishing methods). This precipitates poverty by eroding sources of livelihoods and destroying environment. The challenge is to implement policy and enforce mechanism for sustainable exploitation of the resources. There has not been adequate encouragement of community participation in identifying, planning and implementing steps to protect natural resources and environment or effective enforcement of existing regulations and by-laws.

Mining is one of the fastest growing economic sectors in Tanzania. In 2003, it grew by 17 percent compared to 15 percent in 2002. This growth was propelled by heavy investments in mineral exploration and production. Artisanal and small-scale mining is increasingly becoming dynamic as it provides alternative economic opportunities to the rural communities. There is need to balance the livelihood requirement of artisanal miners with the economic objectives of the large-scale operators. Currently, backward and forward linkages are not strong enough for local value-addition and employment creation. Serious poverty concerns have been raised regarding the impacts on environment, tensions over land rights and labour relations in areas where mining activities are being undertaken. The challenge ahead is to ensure that investments benefit the wider economy by giving particular attention to disadvantaged regions.

Tourism has developed rapidly since the mid-eighties. It is now an economically significant sector (12 percent GDP) that has grown at an average of 6.7 percent over the last four years. Tanzania is ranked as the 5th top tourism income earner in Africa with annual receipts of US\$739 million (WTO, 2001).³ However, apart from the indirect impact of increased revenue to government, growth in tourism has not led to direct reduction of income poverty. Barriers that hinder communities to access and benefit from natural resources (e.g. wildlife) need to be addressed.

2.2.3 Urban poverty, formal and informal sectors

Urban poverty is evident in households with low and unreliable incomes, the unemployed, urban vulnerable groups and those in the informal sector. Urban poverty has brought to the spotlight stress on urban public facilities and services. Urban poor live in congested, mainly un-surveyed areas, overcrowded residences and on streets (especially street children). These areas lack safe and reliable water and have poor waste management and lighting. Trade liberalisation has prompted an influx into to urban areas of a vast number of petty traders mainly youth aged 20-29. The PHDR (2002) estimates 92 percent of these have primary level education but no formal skills training. They lack capital and business premises. In many municipal areas the informal sector includes also men and women engaged in sand mining, quarrying and lime making to support the growing construction industry.

The rise in unplanned settlements and crime remain a challenge to urban planning. These strain the government capacity to provide adequate security and social services. Settlements development, land surveying, propagation of simple construction technologies for affordable housing, urban waste or environmental management and slum upgrading stand out as other key challenges. Regularisation and titling of land is expected to facilitate residents' use of their land and property thereon (dead capital) as collateral with which they may obtain credit from banks and building societies for socio-economic investment.

³ World Tourism Organisation (2001), *Tourism Market Trends, Africa*, WTO, Madrid

The Small and Medium Scale Enterprises (SMEs) are found in a wide range of productive sectors and services including commercial activities, both formal and informal. They are carried out mainly by the private sector. Though most SMEs are found in urban areas, smaller-scale non-farm activities in rural areas require policy attention. They lack adequate finance and technical and managerial skills, infrastructure, market information and business contacts with external markets. Small businesses also face unfriendly and variable administrative impediments to business licensing. A credible, enabling policy environment is needed to enable the informal businesses to formalise their enterprises. This requires a change in mindset of the bureaucracy toward private sector development.

In pursuing these concerns, special emphasis should be directed at addressing inequalities between rural and urban areas (e.g. in terms of micro-credit institutions and access to other economic services) and gender imbalances (in terms of access to assets such as land and credit).

2.2.4 Infrastructure, science and technology

In recognition of the need to improve the economic prospects of the productive sectors and social services, there is need to improve provision of physical infrastructure. Levels and quality of transport, communications and energy services are generally poor and thus constraining growth. Rural areas lack road network and rural telecommunications, which in turn limit creation of new opportunities for markets, employment, and trade (domestic and foreign). The situation in rural areas also constrains actions towards social outcomes (e.g. delivery of and quick access to medical attention, schools, courts and markets) or trade). Rail, marine, air and road transport networks need to be expanded and maintained to international standards. Whereas the central government assumes the responsibility for such bulk investments in infrastructure, community-based initiatives need to be encouraged for smaller-scale labour-based road initiatives, to alleviate acute communication problems in rural areas. In addition to community-based initiatives, public-private partnership in the provision of infrastructure will be promoted.

Efforts need to be stepped up in support of increased access and application of Information and Communication Technologies (ICTs) as a critical “soft” infrastructure that accelerates productivity in the productive and service sectors, in government, business, teaching and SMEs development. Problems of access to ICTs include low literacy rates, low incomes and limited number of service providers. The recent rise in the use of ICTs including mobile telephone is still dominantly urban-oriented and needs to be directed to rural areas as well.

Energy is critical for the attainment of the NSGRP and MDG targets. It is important for productive activities in industry, agriculture, transport and water supply and in the provision of social services such as education and social services. However, effective energy supply falls short of the required levels and quality (considering environmental effects of certain sources, such as firewood). Unreliable and high cost power has also discouraged private investments. In rural areas there are no alternative

energy sources that would reduce the burden on women and children and health hazards (e.g. from smoke) or the unsustainable exploitation of forestry resources. Constraints include lack of adequate investments in the energy sector and of affordable alternative energy technologies.

Higher education, Science and Technology are vital for innovative technological advances that increase returns and productivity in all sectors. The challenge is to increase financing and expanding higher education and research, paying due attention to quality in order to develop a labour force that is creative and globally competitive. In order to make a dent on poverty reduction through higher education, science and technology, it requires provision of quality education from early childhood to higher levels and research activities that are tailored to the local environment. Linkages between higher education, S&T and R&D institutions and local communities in agriculture, industry, SMEs, trade and social development etc. have been weak and need to be strengthened.

2.3 Employment status

An area of policy concern is that of high rates of unemployment and underemployment. Measurement of unemployment in Tanzania is not a simple one. There are few economic opportunities in rural areas, reflected rather as underemployment than unemployment. Unemployment stands at 2.3 million (1.3 million women and 1.0 million men) equivalent to 12.9 percent of the labour force. Employment-to-population ratio (the proportion of the target population that is employed) is 76 percent nationally. The ratio is lower in urban areas (58 percent) than in rural areas (81 percent). Unemployment is worse among the youth, including the educated youth. Employment opportunities for people with disabilities are limited and special support for them in the work place is frequently lacking.

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 40,000 persons per annum. So the majority of the new entrants into the labour market enter through self-employment largely in agriculture and the informal sector. The ILFS shows that the female contribution is higher at 50.6 percent but predominates in agriculture and petty trading, with significant disparities in other types of employment, which tend to be male domains (e.g. construction and transport). The HBS also found that women with the same qualifications as men earned less and this disparity increased with educational level.

It is encouraging to note that households have been diversifying their economic activities. Although income from agriculture is dominant, some 40 percent of rural household income originates from farm and off-farm employment. Opportunities for expanding and diversifying rural incomes from natural resources are not realised in part due to bureaucratic and legal hurdles. The proportion of rural households who derive incomes from more than three sources is 65 percent. The trend is already towards increasing employment in non-farm activities in the rural areas. However, this is happening

too slowly and without coordination and support. This trend can be reinforced through more deliberate policy interventions. On- and off-farm earnings need support from both a strong agricultural sector and other rural sectors including forestry, wildlife, fisheries and tourism.

On average, labour productivity and incomes are lower in the rural areas than in urban areas. Those who are self-employed in agriculture and other sectors are not always productively engaged to full capacity. According to the ILFS, the rate of underemployment was 11.2 percent in 2000/01, up from 4.3 percent in 1990/91. Under-employment occurs in all areas; but over the last decade, the situation has become worse in rural than in urban areas. This has contributed to the unsustainable exploitation of natural resources e.g. in mining, forestry and fishing. The under-employed people work on own or family farms/*shambas*. Nevertheless, they are ready to work if more work was available during the off-season. Work undertaken by women to sustain households is not considered in the calculation of unemployment and under-employment. Efforts to enhance employment opportunities and training have to recognise the contribution of and the burden currently borne disproportionately by women.

Formal salary/wage employment constitutes a small proportion of total employment in Tanzania. Because of the public sector reform the share of formal employment in the public sector has declined. There has also been a drop in government and parastatal employment, from 5.2 to 2.5 per cent of adults. On the other hand, there has been a rise in employment in private sector and 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 68 percent in the urban areas. The national average is 80 percent. In rural areas, labour participation rates vary considerably from 77 percent in April-June to 88 percent in January-March (ILFS 2000/01). These variations reflect seasonality and indicate the employment potentials if existing opportunities are fully utilized and new ones are created. There is need for understanding the dynamics of the local labour market as one of the transmission mechanisms, for creating opportunities for people to participate in the growth process. Efforts to promote private sector development are in line with this endeavour of employment creation.

In spite of international conventions and programmes, child labour, as distinguished from children's work in the household, is prevalent and worst in rural areas. The Child Labour Survey 2000/01 found that children in labour were 1.2 million. The worst forms of child labour are in four major sectors/areas: commercial agriculture; mining and quarrying; domestic service, and commercial sex. A related problem is trafficking in persons (TIP). Trafficking is most often internal, girls being trafficked for domestic labour and forced prostitution. While some victims are trafficked outside the country, others are brought into the country. For the victims, mostly girls and women, the root cause is poverty. The perpetrators exploit the weak economic position of the victims, porous borders, weak

legal enforcement and corruption. Financial constraints reduce the capacity of authorities to prevent TIP and protect and rehabilitate the victims. Strategies to reduce poverty should address the core causes of TIP, supported by effective monitoring and prosecution of TIP “rings”. TIP across the borders is often related to trade in contraband, including drugs and arms, which contribute to increased crime.

2.4 Non-income poverty

2.4.1 Education and illiteracy

Most indicators in education have registered improvement in the three years of PRS(P) as a result of implementing the Primary Education Development Programme (PEDP). Gross Enrolment Rate reached 105.3 percent and 106.3 percent in 2003 and 2004 respectively, compared to only 77.6 percent in 1990. Net Enrolment Rate (NER) attained in 2003 and 2004 is 88.5 percent and 90.5 percent respectively, compared to 58.8 percent in 1990. However, the pace of transition to secondary schools is low, despite the growth of private secondary schools. There are also large gender disparities in enrolment at secondary and tertiary levels. The vulnerability of girls to cultural belief and customs, early pregnancies and sexual abuse remain challenges to enrolment and completion of schooling.

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

The strategy aims at reducing infant mortality, child mortality, malaria related mortality and maternal mortality. Many poor people, children and women in particular, die without ever accessing a health facility.⁴ 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.

Trends in health service outputs during the 1990s show a mixed picture. There have been some successes in immunization coverage of children, in TB treatment and in the accessibility to contraceptive. There exists a huge burden of disease across all age groups. Interventions are required to check the decline in the proportion of births attended by trained medical personnel, the continued poor nutritional status of under fives, and the fact that almost 90 percent of all child deaths are due to preventable causes - malaria, pneumonia, diarrhoea, malnutrition and complications of low birth weight; and HIV and AIDS.

⁴ Eight out of ten children die at home and six of them without any contact with formal health services.

The proportion of births that were attended by trained personnel and those that took place in health facilities declined. At the same time, urban-rural disparities increased. This has implications on both infant and maternal mortality - both have not changed. Consequently, the poverty reduction targets and MDGs are far from being achieved. 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. The availability of drugs has increased, but some continuing deficiencies and particularly the cost of drugs still make them unavailable to some people at the time of illness. 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. 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 collection system to generate indicators for measuring health service delivery and keeping records and data using ICTs for easy processing and dissemination.

Key obstacles in provision of and access to health services include 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 at a fee, shortage of skilled providers and poor governance and accountability mechanisms.

2.4.3 Survival and nutrition

Survival indicators of poverty are not encouraging. No substantial progress was made in the reduction of infant and under-five mortality and maternal mortality. There are indications of slight increases in recent years, probably related to HIV and AIDS pandemic. HIV and AIDS pandemic have a wider implication for other indicators such as life expectancy. It is also important to note that high rate of infant and child mortality is due to continuing high prevalence of malaria

As for nutrition, Tanzania has identified four nutritional disorders as being of public health concern: (i) protein energy malnutrition (PEM) (ii) nutritional anaemia (iii) iodine deficiency disorders (IDD) and (iv) Vitamin A deficiency (VAD). Other nutritional disorders include obesity, chronic diet related non-communicable diseases, and deficiencies of some vitamins and minerals.

The challenges include: increasing food intake by raising feeding frequency and consumption of high energy dense foods, increasing consumption of fruits and vegetables, which are rich in vitamin A and iron, combating diseases notably malaria and measles, diarrhoea, HIV and intestinal parasites. Other challenges include: addressing the unequal distribution of resources and services, the inadequate household food security, inadequate caring capacity of the vulnerable groups and inadequacies in

quality and quantity of the provision of basic services including health, education, shelter, water and sanitation. In addition, there is a need to address the social and cultural factors related to gender.

Whereas considerable development has been made in the management and control of nutrition problems, there has been much less progress with regard to improvement of nutritional status of children, especially the under-fives. With 44 percent of children being moderate to severely stunted, chronic malnutrition remains a widespread problem, indicating problems on the general health status of children. There are also significant disparities in the levels of under nutrition between rural and urban areas on one hand, and between children from poorer and richer households on the other. The children from rural households are more malnourished than their urban counterparts. Child's care arrangements are needed to ensure more frequent feeding of young children. In light of the recorded success of IMCI strategies for reducing child mortality, it might be useful to roll out the IMCI throughout the country, including community-IMCI and reducing women's workload especially during pregnancy. Equally important is the promotion of processing and utilization of nutrient rich foods particularly in the rural areas. A good sound nutritional status is now more urgent and critical in the advent of increased prevalence of HIV and AIDS.

2.4.4 HIV and AIDS

An increase in HIV and AIDS prevalence, over the last decade has further aggravated the health status by eroding the HDI and future prospects of Tanzanians. It has undermined the foundations for development and attainment of the Millennium Development Goals and national 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. Indeed, prevention campaigns have succeeded in raising people's awareness, but this has not translated into required behavioural changes. Though there is increasing awareness about HIV and AIDS, minimizing the risk of transmission requires that the poor status of young men and women be addressed and elevated through making it easier for them to access useful advice and services on how best to protect themselves against HIV and AIDS. Prevention of mother-to-child transmission of HIV is also an important strategy for reducing infant and under-five mortality.

2.4.5 Water and environmental health

Focus has been on increasing access to clean and safe domestic water especially for the rural population, to reach 55 percent of the rural population by 2003. Improved rural water supply coverage has increased to 53 percent in June 2003 up from 49 percent in 2000 and 50 percent in 2002. About 47 percent of rural households are still using unprotected sources of drinking water. Long distances to sources of drinking water in rural area entail heavy workload on women and children. A majority of rural households have latrines, but they lack proper hygienic use and maintenance.

Urban water supply coverage increased from 68 percent in December 2000 to 73 percent in June 2002. However, increasing costs of domestic water is of growing concern for the very poor, especially in unplanned urban settlements. Poor sanitation is evident in urban areas, where around 90 percent of the households have to resort to on-site solutions. Flooding, due to inadequate drainage, exacerbates the problem even further. Sanitation facilities at public institutions are often inadequate and do not meet standards set by government. Coverage of sewerage services increased from 10 percent in 2000 to 17 percent in 2003 in urban areas, but pollution control and solid waste management systems are not adequately developed to protect public health, well-being and the environment.

There is a close link between water supply and waterborne diseases such as cholera, water-based diseases such as bilharzias, malaria and water-washed diseases such as scabies and trachoma in areas with poor sanitation facilities. One of the challenges is to expand water and sanitation services in rural and urban areas. Other challenges are, to reduction of the incidence of diseases on the one hand, and education to the stakeholders on how to avoid situations that predispose them to water-related /water-borne diseases on the other hand. Community-awareness campaigns and participation in water and sanitation programmes and regulations to enforce environmental and health safeguards in industry and extractive activities such as mining, logging and fisheries will limit water and air pollution and related diseases.

2.5 Vulnerability

A number of qualitative surveys have been carried out in recent years, covering income poverty, non-income poverty and vulnerability. Specifically the Participatory Poverty Assessments (PPA) and Policy and Service Satisfaction Survey (PSSS) provide insights on people's perceptions of poverty and effects of public policies and institutional changes and governance on their livelihoods. The Participatory Poverty Assessment (TzPPA) (2002/03), for instance, has brought up more qualitative information on various dimensions of vulnerability and more understanding of vulnerable social groups (footnote 1), impoverishing forces and protection and risk management (Table 2.1).

Forces that leads to impoverishment are grouped into six categories, namely economic, environmental, governance, socio-cultural, health and life cycle factors. Respondents frequently referred to wrong policies and effects on environment, bad governance and the macro economy.

Table 2.1: Major categories of impoverishing factors from Tanzania PPA (2002/03)

Category	Description
Environment	Weather extremes (e.g. flooding, drought), stresses from gradual degrading of forest, soils, fisheries and pastures; health effects and loss of confidence in future well-being
Macroeconomic conditions	National economic decisions such as privatisation, elimination of subsidies on inputs, cost sharing in health, reduced spending on agricultural services, employment, rural livelihoods, costs and access to social services.
Governance	Coercion, extortion, all forms of corruption, unsatisfactory taxation (multiple taxation, coercive tax collection methods); political exclusion

Ill-health	Malnutrition, injury, diseases, HIV/AIDS, other physical and psychological disabilities
Lifecycle-linked conditions	Ill-health, risks and social marginalisation resulting from one's age, with the old, youths and children being particularly vulnerable to special problems
Cultural beliefs and practices	Impoverishment resulting from cultural norms / traditional belief, diminishing their freedom of choice and action – e.g. those discriminating women and children

Source: adapted from United Republic of Tanzania, 2004, *Vulnerability and Resilience to Poverty 2002/03 Tanzania Participatory Poverty Assessment: Main Report* Dar es Salaam

The sentiments expressed in the recent PPA on policy changes, like public sector reform, trade liberalisation, and privatisation correspond to those expressed in earlier PPAs, particularly the 1995 PPA and the rural survey by REPOA (1998). There are concerns about the pace, manner and circumstance in which privatisation and trade liberalisation has been carried out e.g. loss of jobs, loss of markets or sales as a result of cheap imports, specific sector reform measures such as cost-sharing in health or education. The majority of people in rural areas also pointed to problems in agricultural marketing. But there are also others who see opportunities in trade liberalisation and other market reforms. Nevertheless, bureaucratic barriers still stand out as main impediments to entrepreneurship, particularly of the SMEs. Licensing procedures, complicated tax system, corruption and harassment of small businesses are emerging from the PPAs and, in fact, from the consultation process, as issues that inhibit realization of the benefits of market and sector policy reforms. They also undermine efforts to formalize the informal sector and those of attracting domestic and foreign investment. Bureaucracy and corruption, crime and absence of peace and tranquillity scare away large domestic and foreign investments.

It is in this context, why governance and accountability form a key pillar of this strategy. The government will keep on explaining clearly to the public the effects of the on-going reforms and other policies. To the extent possible, inclusive or participatory policy processes will be institutionalised to create space for the voices of all people with aim to avoid distortions in policy intentions and implementation.

2.6 Cross-cutting issues

Cross-cutting issues relate to the factors that cut across sectors and social groups (often) negatively impacting on income and non-income poverty. Such factors include imbalances in gender relations, environmental issues and HIV and AIDS. Neglect of young people and children has implications for current and future development of children. Gender biases in favour of males, for instance, in terms of land (property) ownership or girls' access to higher education add to the pains of poverty by reducing current and prospective earnings of the females. In this regard, eradicating these biases is a critical challenge. Environmental concerns arise not only in the productive sectors but also in the provision and utilisation of economic services (e.g. energy) and human settlements. Poor communities and households usually do not carry out "environmental impact assessments". As a result, poverty

increases as environment and natural resources get destroyed. Interventions are required to halt such trends over land and water-based resources. Likewise, HIV and AIDS erode productivity, and reduce the number and effectiveness manpower. They also increase dependence in addition to that posed by the natural population growth rate, the orphans, the elderly and retirees, people with disabilities and the unemployed.

Bad governance costs productive time and resources (time lost in pursuing denied or delayed justice) as shown, for instance, through the Participatory Poverty Assessments (PPAs). Although generally data on the cross-cutting issues are scanty, links to poverty are clear, they magnify causes or manifestations of poverty. To that effect, affected stakeholders and advocacy agents (for environment, mother and child, the elderly, and people living with disabilities, the youth) are becoming more assertive in the quest for change in attitude and policy towards these issues so as to get them properly addressed in the strategies to reduce income and non-income poverty.

CHAPTER III: CONSULTATION PROCESS AND ISSUES

3.1 Introduction

The consultation process for the PRS Review started during the Poverty Policy Week of October 2003 (PPW 2003), and ended with the PPW of November 2004 (PPW 2004). The process sought to deepen participation in and ownership of the strategy by actors at different levels of Government, the citizenry – poor and non-poor, the civil society, communities and development partners. Deepening participation and consensus building on the way forward has been necessary to ensure sustainability of and enhance confidence in the strategy that can make a difference. The issues emerged during the consultation process; evidence on poverty, and inequality in the country consolidated the focus of the strategy on growth, equity, improved governance and social well-being.

This chapter highlights the main issues that emerged from the consultation process and which influenced the design of the strategy. Lessons from the previous processes are also presented, to demonstrate that the consultations for the NSGRP reflect cumulative learning. The issues are presented at two levels of consultations—internal (within government) and nationwide (all stakeholders’) consultations.

3.2 Cumulative experience in participatory approaches

Reflecting on the participatory experience from the preparations of PRS (P), the TAS and indeed the NPES, the consultations for the NSGRP sought to make wider coverage of the actors and poverty issues. The three *PRS Progress Reports* also presented issues for consideration for the second generation PRS. That is the NSGRP. During the three years of the PRS (P) key internal consultations between Government, Development Partners and CSOs continued through the PER review process and cross-sectoral meetings. Subsequently, the government engaged stakeholders in mapping out the one-year long PRS review process, particularly in developing and agreeing on the PRS review guide, identifying different levels of stakeholders for broader consultations at sub-national levels and modalities and timeframe for the consultations. The guide spelled out the objectives, principles and focus of the review.

The PRS Review aimed at improving a number of specific weaknesses (see, for instance, Box 3.1) to make the consultations for the NSGRP more elaborate and inclusive than the previous cases of national policy processes.

Box 3.1: Weaknesses associated with consultations for PRS(P), 2000

- § Participatory structures were formed on an ad-hoc basis
- § Collaboration with stakeholders was less frequent and joint decision-making on relevant aspects of pro-poor policy was limited.

- § The PRS process was exceptionally compressed (six months duration); too tight timeframe for consultation limited the participation of stakeholders.
- § CSO involvement and their impact on the outcome of the processes have been very limited.
- § Inadequate background and understanding of PRS (P) limited stakeholders participation
- § Inadequate resources to implement PRS consultations
- § Problem of synchronization where TAS was supposed to provide PRS framework but was not completed before the PRS (P).
- § The composition of participants in the workshop did not represent adequately all sections of the society: women, youth, people with disabilities, elderly, people living with HIV/AIDS, orphans were not adequately represented in PRS (P) process.
- § Participation of the poor in the PRS was not institutionalised within the LGRP
- § Trade unions were not involved in the PRS participatory process.
- § Inadequate analysis of “Voices of the Poor” through the zonal workshops.
- § Inadequate mechanism in dealing with cross-cutting issues such as environment, HIV/AIDS, Gender, Employment.
- § Lack of PRS communication strategies.
- § Inadequate capacity in key Government institutions (PRS technical committee, PRS steering committee, PRS inter-ministerial committee).
- § CSO lacked access to key documents and adequate mechanism to provide feedback.
- § Inadequate capacity of several CSOs to engage in policy dialogue.

Within the human rights context and to ensuring meaningful participation of the poor, the consultation process emphasised the need to: redress the structures of discrimination that generate and sustain poverty; expand civil and political rights; caution against retrogression and non-fulfilment of minimum core obligations; and strengthen institutions through which policy-makers can be held accountable for their actions. Hence, the consultation process sought to reflect the following attributes:

- *Rights*: ensuring atmosphere of freedom of opinion, information, media, and association and campaigning; stakeholders given an opportunity to participate fully in the entire PRS cycle.
- *Structures*: collecting views from the grass root level to the national level; implementation of the strategy through decentralisation structures, hence the central role of local government.
- *Legitimacy*: Parliament to be fully involved in the consultations and approval of the strategy; CSOs and other stakeholders to organise and ensure that their concerns are included;
- *Capacity*: Need for increased capacity building for stakeholders at all levels so that they effectively contribute in the PRS cycle – i.e. imparting analytic capabilities and information for the stakeholders to identify needs and priorities, monitor and critically scrutinise performance of those entrusted with responsibilities to lead.

3.3 Overview of the process

The consultations aimed to address weaknesses and to get the public informed. There were frank deliberations on the constraints to growth and about governance concerns. The outreach was wider and time was longer than in the previous consultation processes. Nevertheless some stakeholders still felt time was not sufficient. It was agreed that public debate needed to be formalised and continue over the entire period of the strategy.

For the purpose of highlighting key issues two levels of consultations may be identified:

- (i) Nationwide consultations, mainly at sub-national level and involvement of the Members of Parliament.
- (ii) Internal consultations i.e. within government and between government and other stakeholders, including development partners at the national level. Deliberations were carried out through the PER review meetings, cross-sector meetings and government-donor and government-civil society consultations and the Poverty Policy Week.

The first round of *nationwide consultations* was planned early in December 2003 with the meeting of the lead-stakeholders. It was followed by series of training of trainers' workshops for the facilitators who were then deployed in the country. The Association of Local Authorities of Tanzania (ALAT) played a significant lead role. District level consultations were conducted through workshops in which representatives from district council secretariat, faith based organizations and the aged, children, youth, women, persons with disabilities, persons living with HIV and AIDS, widows, orphans, CBOs, and CSOs, private sector, trade unions and informal sector were all invited and participated; village level consultations were undertaken through the Village Assembly. Consolidated views were forwarded to the regional headquarters and compiled to form the regional report. Communication was achieved through: workshops, seminars, radio programmes, TV broadcasts, fliers, interviews and music were applied. A special questionnaire was prepared and circulated throughout the country. About 500,000 questionnaires were distributed throughout the country and on the Internet.⁵ Members of Parliament were involved through Parliamentary committees and through special seminars.

Reports of the first-round consultations were consolidated into the first draft that was sent back to lead-stakeholders for scrutiny and comments. The draft was also widely circulated through Internet and its summary translated into Swahili.

In the meantime *internal government* consultations continued to show the importance of the shift from "priority sector approach" to the "outcome-oriented approach". Notably, the inter-ministerial

⁵The 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. Apart from those received from within the country, feedback was received from, among others, Tanzanians living in United State of America, the United Kingdom, Australia, and Scandinavian countries.

consultative workshop convened in August 2004 provided an opportunity for sector ministries to identify key areas of inter-sector linkages and establish modalities for fostering them in the implementation of poverty reduction. The meeting reviewed the outcomes, operational strategies and interventions. Possible coordination mechanisms for implementation, monitoring and evaluation were also considered. The meeting served also as medium for consensus building and for furthering national ownership.

Further deliberations on the second draft were made during the National Workshop in September 2004. The National Workshop brought together representatives of government and non-government actors including the CSOs. The workshop further ingrained the consensus around the strategy. Critical contributions from the different lead-stakeholders noted the need for the strategy (document) to be more inclusive, particularly in articulating more distinctly the special needs of the vulnerable groups, such as people with disabilities in service delivery. Issues of governance frequently came up and it became clear that implementation of the strategy would critically depend on the quality of governance. The comments were used to improve the draft that was then presented at the Poverty Policy Week in November 2004.

The policy week climaxed the consultation process. It focused mainly on implementation arrangements, monitoring and financing as suggested in the draft. The main objective of the PPW was to build further consensus, foster ownership, increase awareness and deepen understanding of the NSGRP. Outputs of the Poverty Monitoring System in Tanzania were also made public. Further comments from the PPW on specific issues that still needed attention - in the second draft - were addressed to develop the final draft of the NGRP.

3.4 Issues from nationwide stakeholders' consultations

The poverty concerns raised from these consultations were on average similar. They focused on the following: the constraints related to agriculture, markets, remoteness, education, health, and corruption, low or inadequate pay, lack of jobs, unfavourable working conditions and relations, lack of facilities or provisions for people living with disabilities, inadequate benefits for the retirees and vulnerable groups, land issues for pastoralists, HIV and AIDS. Concerns were also raised on the lack of credit facilities for agriculture and small businesses and lack of water. In rural areas the problem related to long distances and time to the nearest source of safe water, schools, markets or police station. The management of water schemes that were set up with donor or government support and the burden to women and children, who usually fetch water for household use, were further raised as areas for concern. In urban areas, the problems related to irregular supplies and billing of water and stress on existing public services particularly in unplanned, congested parts of towns and cities where most of the poor live were raised.

Presentations of the main causes and manifestations of poverty as well as governance concerns were similar to those raised in the Participatory Poverty Assessments. Indeed, the questionnaire that was distributed to all stakeholders regardless of their education, region, employment status, gender or any other backgrounds came up with similar issues. However, ranking of the different concerns differed across regions, districts, location (proximity to road, natural resource such as water), age sets, social groups and gender of the respondents. This poses a challenge for policy makers – that of reducing these disparities while ensuring that growth is high and broad-based.

Analysis conducted by the National Bureau of statistics (NBS) on the questionnaires shows great anxiety on issues of governance and corruption. These were stated as red tape, harassment by tax collectors and town / city officials, corruption, violent crime, un-enforceable contracts, weak courts, bad norms or customs, perverse external influence on values, “unfilled promises” made by their leaders or representatives, nepotism, and favouritism in giving micro-credit services (apart from the urban bias). Some expressed doubts whether their problems or grievances were ever forwarded to higher authorities for action. They also pointed out a need for community education in areas of sanitation, civic rights and protection of public property by the people entrusted with it.

In order to improve delivery of justice and combat crime there were calls for increasing the size of the police force and construction of more police posts and courts to reduce long distances to stations and court premises. The need for the police and justice system to have well-trained employees and equipped to combat international crime - in drugs, terrorism, high tech-fraud (e.g. money laundering) and human trafficking was also raised. It was stressed that peace and security played a critical role in attracting investments.

3.5 Issues from internal consultations

Deliberations revolved around the institutional and process weaknesses that needed to be addressed in the new strategy, including:

- Linking formerly “non-priority sectors” to poverty reduction outcomes, recognising that all sectors contribute to growth and poverty reduction;
- Capacity constraints of managing the PRS/PMS at central and local government levels;
- Harmonization of national policy processes and alignment of sector development strategies and plans to the NSGRP;
- Progress on harmonisation and alignment of aid to national development agenda and processes;
- Enhancing partnerships between and among sector ministries;
- The need and how to mainstream cross-cutting issues;
- Linkages between key international and national developmental initiatives and aspirations as espoused in Tanzania’s Vision 2025, the Medium Term Plan for Growth and Poverty Reduction, the PRS Review and the Millennium Development Goals (MDGs).

The main echo of the internal consultations was that steady growth needed to be reflected strongly in the NSGRP and that governance had to be firmly addressed, without losing sight of social development objectives from the previous PRS (P).

3.6 Challenges ahead

As the consultation process drew towards the PPW, most stakeholders were of the opinion that the NSGRP was more comprehensive and the review process more inclusive and open than in the previous cases. National ownership, which underpins the preparation of NSGRP, was lauded. The bold decision to adopt the “outcome-oriented approach” was highly commended. The attempts to relate the strategy with the budget, core reforms and on-going sectoral reforms and to mainstream the MDGs and cross-cutting issues were also noted with appreciation. The following issues were posed as critical challenges for the new strategy:

- Strategic prioritisation and sequencing of interventions;
- Enhancing inter-sector collaboration and linkages and tapping synergies;
- Linkage with the budget; and
- Costing, especially in view of the anticipated benefits in resource saving and more efficient realization of the desired poverty reduction outcome.

These issues will receive attention in implementation planning and linkages with the PER/MTEF process and budgeting and through further analytic work on costing of cost-effective implementation strategies.

Capacity building at the level of central government and local-based institutions and organizations right from the lower echelons of the village upwards and in the context of the Local Government Reform Programme, will receive, increased attention. This also entails continuous and timely flow of right information and services between the macro- and the micro-level decision making institutions. Such institutions include: households, firms, communities, and CSOs, faith-based organisations and cooperatives.

The importance of efficient Local Government, improved governance structures, attention to gender balance, special needs of the people living with disabilities and other cross-cutting issues were emphasised and underscored. Other challenges include improvement in collection, analysis and use of data at lower levels; addressing broad inequalities among regions and districts; and dissemination of information and sensitisation. Translation of the NSGRP into Swahili and its dissemination to district and village levels were further underscored.

CHAPTER IV: FRAMEWORK OF THE STRATEGY

4.1 Introduction

This chapter presents the framework of the strategy. It presents the major building blocks including the principles and on-going reforms. It elaborates the major clusters of desired outcomes for poverty reduction, namely, (i) growth and reduction of income poverty; (ii) improved quality of life and social well-being; and (iii) good governance and accountability. It is recognised that while growth is necessary for poverty reduction, it is not sufficient. Equity and conditions that foster it are equally vital.

4.2 Principles of the strategy

The strategy observes principles that will guide its interventions and actions with a view to ensuring integrity of the strategy. The purpose is to have a strategy that is well understood by all stakeholders for them to actively play their part. Whereas some of the principles are critical during the preparation of the strategy, others will apply during implementation, monitoring and evaluation.

4.2.1 National ownership

The strategy is viewed as a vehicle to scale up national ownership of development process toward the attainment of the national development agenda articulated in the Vision 2025 and subsequent policy initiatives. The strategy encourages participatory mechanisms at national and local levels. It seeks to be more inclusive by explicitly taking on board the various contributions of all actors. Efforts have been made to improve the quality and depth of participation through consultation processes.

The NSGRP will be accompanied by a communication strategy to ensure efficient transmission of policy signals between the government and stakeholders and thus engender a true exchange of information. Parliament and local governments will be critical in picking and acting on the messages. A proposal to institutionalise public debate throughout the implementation of the NSGRP has been adopted.

Strengthening policy formulation and implementation and harmonising different national policy-making processes is critical for national ownership. In this regard, the strategy recognises the need to increase capacity building for policy making, analysis and evaluation at local and central levels of government. Capacity building needs of the private sector, civil society and community levels will also be addressed to enhance their effective participation in the policy processes.

4.2.2 Political commitment

Political will and commitment to continued democratisation and human rights will be increased and sustained. Moreover, political stability and consistency in policies are imperative and form basis for accountability of Government to the citizenry and development partners.

4.2.3 Commitment to macroeconomic and structural reforms

- Predictable macroeconomic environment: Fiscal and monetary sector reforms will be maintained to ensure a stable and predictable macroeconomic environment underpinned by low inflation rate, increased domestic savings and investment, exchange rate stability and sufficient foreign reserves.
- Structural and institutional reforms: continued market, structural and institutional reforms: Box 4.1 shows some of the major current structural and institutional reforms:

Box 4.1: Some of the on-going structural and institutional reforms

- **Financial sector:** The sector has been liberalized since early 1990s. Remaining challenges include enhancing access to credit by the private sector, particularly SMEs and rural areas. The recent establishment of a credit rating agency is a further step in enhancing the efficiency of financial intermediation in Tanzania.
- **Parastatal sector reform** – By mid-2004, 169 divestitures had been completed and 57 entities were put into receivership. The number of parastatal enterprises with central Government involvement has now been reduced to 47 of which 8 are under privatisation and most of which represent minority shares in joint ventures. The major outstanding issues refer to the privatisation of some financial sector entities as well as that of public utilities such as TANESCO and Tanzania Railways Corporation. Other issues concern the terminal benefits of former employees and follow-up on the contributions (or any constraints) of divested establishments.
- **Trade policies and institutions** – Progress has been made in reducing tariff and non-tariff barriers. Challenges include further improvement in customs administration and improving the capacity to handle various issues, including commitment to WTO agreements and international negotiating capacity; and capacity to participate fully in regional markets such as SADC and EAC.

- **Factor markets (labour and land).** Revisions of labour and land legislations have been completed, with emphasis on the reform of the institutions. First phase of the Labour Law Reform - addressing employment relations, collective labour relations, dispute resolutions, and labour market institutions was approved by Parliament in April 2004.

- **Infrastructure (transport, power and Information and Communications Technology (ICT)):** The formation of the Road Fund Board and the executive agency TANROADS for the trunk and regional road network has been a major step forward.

Detailed work on the restructuring of the power sector has been carried out but the implementation of the restructuring has been delayed partly as a consequence of international energy market. Reform of policy and institutional framework for the power sector is essential to ensure the effectiveness of future investment in the sector.

The fixed-line telephone company TTCL was privatised; there has also been a rise in the number of mobile phone operators and Internet, and tele-media. There are initiatives to develop tele-centres especially for rural areas and e-commerce and e-Government. The challenge is to support development of human capabilities to design, implement, manage and use ICT applications and services; put in place an appropriate legal and regulatory framework for the expanding market; and making the telecom infrastructure a platform for the delivery of ICT applications.

- **Spatial Development Initiatives and Development Corridors: (SDIs and DCs):** adopted as more comprehensive and integrated planning and delivery frameworks for development of economic services, especially infrastructure for poverty reduction and specifically aimed to redress regional imbalances in economic opportunities and access to social services. Currently, two initiatives are on-going – the Mtwara Development Corridor and the Central Development Corridor, under government-private sector partnership arrangement.
- **Public institutional interfacing with the private sector** - The government has started reviewing regulations, focusing on removing obstacles to private sector development. Issues include (i) harmonization of local government taxation to remove excessive tax burden on private enterprises; (ii) streamlining work permit procedures; (iii) review and amendment of licensing legislation to reduce cost of business establishment and continuation - the Business Licensing Reform has been approved by the Government

following the consensus of stakeholders; (iv) review and revision of export-import procedures to reduce time costs and corruption related costs; and (v) design and implementation of a program for enhancing access to commercial courts by SMEs; (vi) A Better Regulation Unit (BRU) established as a supportive unit for monitoring implementation of the Business Environment Strengthening in Tanzania (BEST). A draft work plan for the Commercial Dispute Resolution (CDR) component under BEST is being finalised.

- Tanzania has reformed the **legal framework for regulatory institutions** that is currently being established. The effectiveness of these regulatory institutions, especially given the current oversight arrangements, needs to be closely monitored.
- Continue with Civil Service Reform and further improve **efficiency and quality of public administration services**.
- **Public Financial Management Reform Programme (PFMRP)** – Staying focused on areas of budget and accounting reforms, external resources management, procurement, external audit, investment management and information technology. IFMS to be strengthened by expanding computerization system to cover all local government; to track expenditure disbursements and expenditure on real time; improvements to be made to internal auditing function by putting in place audit committees in all MDAs; improvements in the National Audit Office (NAO) are underway.
- **Continue with implementation of Local Government Reform Programme (LGRP)** – including (i) establishment of Local Government Authority (LGA) Tender Boards in compliance with the Local Government Regulations, 2003 (ii) rolling out (IFMS) to LGAs already implementing the Epicor software and soon to be extended to all other LGAs; (iii) fiscal years for Central and Local Governments have been integrated with effect from 2004/05 (July–June); (iv) transfers (grants) to the District Councils based on a new formula – used in allocating recurrent expenditures for health and education sectors at district level, and for all sectors at district level in respect of development budgets. All transfers to LGAs to be harmonised with new formula-based systems for recurrent and Local Government Capital Development Grants (LGCDG) as basis for equitable distribution of resources across regions and districts.

4.2.4 Sector strategies, linkages and collaboration

The strategy recognises the roles and importance of existing specific sector development strategies and/or reform programmes.⁶ It encourages sectors to explore areas of collaboration in the pursuit of specific poverty reduction outcomes. Such collaboration will lead to more efficient attainment of desired poverty reduction outcomes. Promotion of inter-sector linkages will make possible realisation of backward and forward linkages in the economy, increased employment and cost saving.

4.2.5 Local partnerships

The strategy will enhance the space for local stakeholders, including citizens, communities, civil society and the private sector in policy dialogue, implementation and evaluation of the impact of development initiatives. Specifically, the Government will assist LGAs in providing enabling conditions for:

⁶ These reforms include the Local Government Reform Programme (LGRP), Public Financial Management Reform Programme (PFMRP), Public Service Reform Programme (PSRP), National Anti-Corruption Strategy, the Legal Reform Programme (LRP), Health Sector Reform Programme/ Health Sector Strategic Plan (2003-2008), Education Sector Development Programme (ESDP), Rural Development Policy, Rural Development Strategy, Agricultural Sector Development Strategy (ASDS) and its implementation framework, the Agricultural Sector Development Programme (ASDP), Co-operative Development Policy 2002, Land Reform Programme, the National Information and Technology Policy, the National ICT Strategy, the Small Enterprise Development Policy, the National Empowerment Policy, National Employment Policy, Ministry of Energy and Natural Resources Strategic Plan, the National Disabilities Policy, among others.

- *Private Sector Development* (PSD); community-based initiatives and partnership with civil society organisations; and
- Scaling up *private-public partnership* consultation mechanisms in promoting the participation of the private sector in business particularly in the provision of public services.

4.2.6 Harmonised assistance

- Agreed principles of development partnership relating to harmonisation and alignment of aid modalities, as set in the Tanzania Assistance Strategy (TAS and TAS Action Plan), Independent Monitoring Group (IMG), and the new Joint Assistance Strategy (JAS) will be pursued towards increased aid effectiveness, strengthened accountability and mutual trust, and eventual reduced dependency. Tanzania will also pursue the 2003 Rome Declaration, the 2005 Paris Declaration on Aid Harmonisation, and the 2004 Shanghai Conference on Scaling-up Poverty Reduction.
- The strategy will mainstream regional and international commitments, including the Millennium Development Goals (MDGs) and international commitments in areas of social services like education, children, environment, human settlements and peace and security.⁷ The need for capacity development in terms of human resources (expertise), institutional capacity and financial resources in order to effectively carry out these commitments are imperative.

4.2.7 Equity

The basic tenet is that growth is necessary but not sufficient for poverty reduction. To that effect, equity issues need to be taken on board as well. Tanzania needs fast but equitable growth, focusing on reducing inequalities, increasing employment and enhancing livelihood opportunities for the poor. Equitable growth will entail improving access to and use of productive assets by the poor, addressing geographic disparities and ensuring equal and universal access to public services.

4.2.8 Sustainable human development

The strategy is committed to ensuring that development activities today do not adversely affect the development needs of future generations. Emphasis is on sustainable use of the country's natural resources and avoiding harmful effects on the environment and on people's livelihoods. It also advocates for people-centred development.

⁷ African Union Maputo Declaration 2003 and Dar es Salaam Declaration on Agriculture and Food Security in the SADC Region 2004; NEPAD, Brussels Plan of Action for social and economic development, World Summit on Sustainable Development (WSSD), the Tokyo International Conference on African Development (TICAD), World Food Summits (1996 and 2001), those related to governance, human rights such as the Convention for the Elimination of All Forms of Discrimination Against Women (CEDAW), SADC Gender Declaration, Beijing Platform for Action, Elimination of the Worst Form of Child Labour; among others.

4.2.9 Macro-micro linkages

The strategy will aim at strengthening commitment to decentralisation, increasing efficiency of public institutions at all levels of government and ensure a two-way information flow and response from and between central government and local governments. The strategy also envisages efficient operation of markets for labour, capital and goods. Further, policies should be designed to ensure that the benefits of growth in high-growth sectors such as mining, industry, and tourism are transmitted to the poor in form of increased livelihood opportunities e.g. supporting supply-linkages with local producers.

4.2.10 Mainstreaming cross-cutting issues

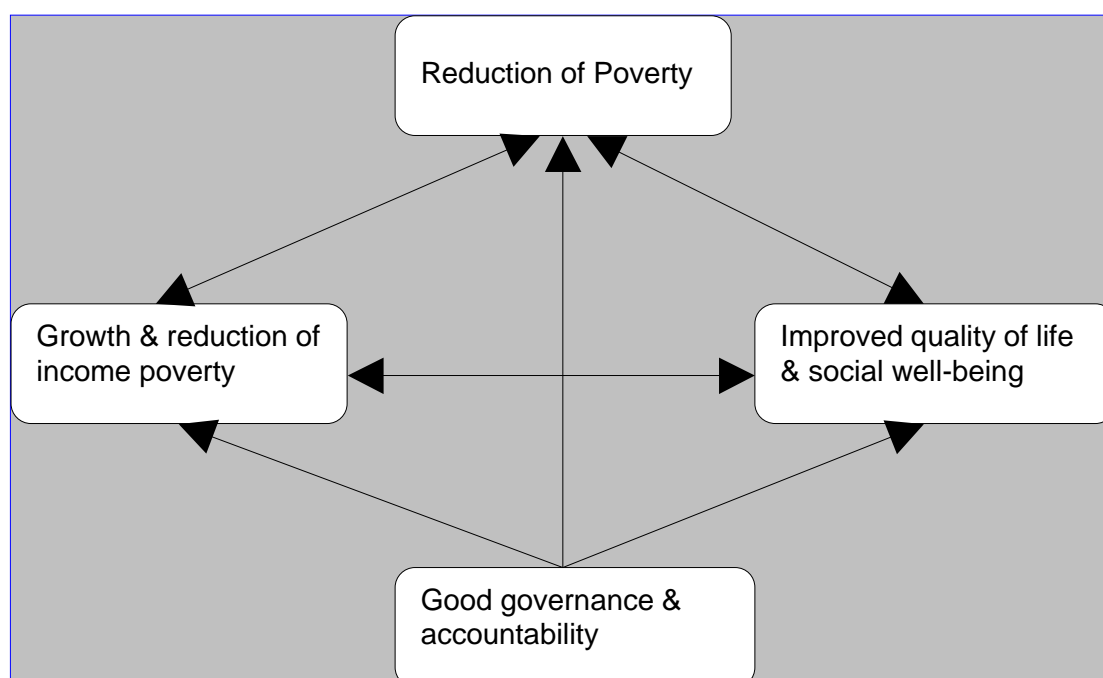
Goals and interventions relating to the cross-cutting issues have been included in the three clusters of the strategy. Implementation and monitoring plans for the NSGRP include specific actions on mainstreaming and development of indicators for the cross-cutting issues. It is also recognised that inter-sectoral collaboration is possible as well as within the cross-cutting issues.

4.3 Major clusters of poverty reduction outcomes

Analyses of the poverty profile strongly support the views from the consultations about the factors that precipitate poverty in Tanzania. Poverty has many dimensions, often caused and reinforced by underlying unequal distribution of resources, incomes and opportunities. The strategy identifies three major clusters of poverty reduction outcomes: (i) growth and reduction of income poverty; improvement of quality of life and social well-being, and (iii) good governance (Figure 4.1).

Each cluster contains specific goals and actions; and many of these are interrelated and support each other. Interventions to address inequalities are included in each cluster.

Figure 4.1: Major clusters of poverty reduction outcomes.



One of the major conditions for poverty reduction is high economic growth. In general, growth depends on the quantity and quality of inputs including land and natural resources, capital, labour and technology. Quality of inputs implies embodied knowledge, which is a basis for innovation, technological development, increases in productivity and ultimately, competitiveness.

There is a strong relationship between the three clusters; and indeed between productive and service sectors. Growth leads to higher incomes, thus reducing income poverty, assuming equitable distribution. Higher incomes enable households to improve human capabilities through better education, health, nutrition, and shelter, i.e. social well-being. Human capability is, in turn, one of the critical sources of long-term growth. Also, growth enables the government to collect more revenue for provision of public services such as health, education, administration and infrastructure.

Governance, on the other hand, provides conditions within which growth, well-being and poverty reduction take place. A social-political environment is required that ensures equal access to productive resources, social services and human rights. Therefore, equity applies to all the three major clusters.

4.3.1 Growth and reduction of income poverty

4.3.1.1 Sources of growth

The following are identified as major sources of growth that Tanzania will need to focus on:

- (i) Investments in human capability – provision of quality education, health and nutrition to the population. Towards having an internationally competitive labour force, more resources will be channelled to improving the quality and expanding secondary, higher and technical education.
- (ii) Investments in physical capital – will focus on efficient and cost effective provision of infrastructure for transport, power, ICT, with special attention to opening up rural areas and areas with economic potentials in order to address regional inequalities.
- (iii) Increases in factor productivity – focusing on technological change with particular attention to rural / agricultural productivity and its associated linkages with industry.
- (iv) Implementation of the Tanzania Mini – Tiger Plan 2020 which aims at fast track development by promoting investment through establishment of Special Economic Zones (SEPZ) with special incentives to accelerate growth.
- (v) Private sector development (PSD): domestic firms, including SMEs, will be supported and encouraged to be innovative, pay attention to product development, quality and appropriate marketing strategies that make them competitive and capable of responding to global market conditions. The enabling factors for PSD, which are also in line with the strategies for the TMTP2020 include:

- Addressing entrepreneurship development needs for rural private producers (on farm and non-farm), agro-based industries, urban-based SMEs, formal and informal enterprises;
 - Ensuring access to resources (finance, land, water); technological and managerial skills including marketing; market information and contacts;
 - Facilitating linking-up of domestic producers with local and foreign R&D institutions;
 - Creating fair competition to ensure level playing field; a smooth and stable administrative and regulatory framework, guaranteeing personal and property rights and security and enforcement of contracts;
 - Provision of basic infrastructure such as utilities, water, power, transport and ICTs at competitive prices in rural and urban areas.
- (vi) Domestic trade: domestic trade has been liberalised and inter-regional/district barriers removed. However, domestic traders need to develop competitiveness prowess, innovativeness, adherence to schedules and standards, and confidence to venture into neighbouring country markets and overseas. The *Private Sector Development* enabling factors (*iv above*) apply. The government will scale up reduction of administrative hurdles due to complicated licensing and taxation system, harassment by tax and local administration; replace them by simple, “one-stop” mechanisms to reduce the high “costs of starting and doing business” due to red tape.
- (vii) Trade development towards a diversified and competitive economy: this principle aims at linking international trade to domestic productive and competitiveness potentials in close association with development of the private sector and domestic trade. This entails:
- The National Trade Policy (NTP) will provide a guide on fostering innovative and competitive capacity of the economy, addressing supply-side constraints, diversification of the “export basket” by stimulating value-added activities, investments in export-oriented activities and boost the competence of private sector participation in regional and world markets.
 - Implementation of the NTP will require a recognition and exploitation of inter-sector linkages and complementary policies including those related to infrastructure, productive sectors, trade in services (e.g. tourism, transit trade) and institutional facilitation.
 - Furthering *economic diplomacy* to market abroad Tanzania’s products, tourist attractions and other service export, attracting foreign investments and assisting Tanzania’s investors to be able to invest abroad.
- (viii) Trade-related assistance - including Joint Integrated Technical Assistance Programme (JITAP) and Integrated Framework for Trade Development (IF) and others in support of private sector participation in domestic and international trade, will be tapped to increase the capacity of domestic producers, particularly SMEs and rural producers in processing, packaging, financing,

managerial and marketing skills and information about international market standards, patenting, shelf-life, labelling and other conditions.

- (ix) Foreign direct investment (FDI): the strategy will foster conditions that attract more FDI with a view to realizing the gains in form technology transfer and increased productivity and diversification of the structure of the economy. A stable investment and regulatory climate will be ensured. Issues related to the choice of technology, strategic links with local firms and higher learning and R&D institutions, technical capabilities and readiness of local firms and labour-force to adapt technology would be examined.
- (x) Foreign assistance: the ambitious targets set in the NSGRP implies that high amounts of foreign assistance will be sought in the medium term, and that the principles of harmonised assistance will apply.

4.3.1.2 Broad-based growth and equity

- (xi) Improving access to and ability to use productive assets (e.g. land, finance) for the poor, for example, those in small-scale agriculture and rural non-farm activities, SMEs and groups such as women and youths. Micro-finance services will be expanded and land access rights ensured for both men and women and for small and large-scale producers;
- (xii) Addressing geographic disparities by identifying economic potentials of the disadvantaged districts and supporting exploitation of these potentials and raising returns and productivity in the poorer districts / regions. “Spatial development and development corridor” planning approaches will be employed. This is also consistent with the objectives of the Special Economic Zones (SEZs) of the TMTP (2020).
- (xiii) Equal and universal access to public services – physical infrastructure and social services – through the budgetary financing of social programmes and support to community-based initiatives considering the special needs of the vulnerable groups.

Financial sector reforms and specific micro-finance programmes targeting poor areas and the poor groups (e.g. women, youths, unemployed etc), budgetary allocations for social programmes (HIV and AIDS) for vulnerable groups and the “formula-based” allocation system (see Box 1 in respect of LGRP and PFMRP) are among the policies toward equity. The tax system can be used to establish equity, however, too high or harsh tax levels and methods will act as disincentive to growth.

4.3.1.3 External shocks and disaster management

Growth must be strong enough for the economy to withstand shocks of two kinds: (i) external shocks due to adverse terms of trade and erratic commodity prices which mainly require macroeconomic policy management and (ii) shocks that are due to natural and man-made disasters causing losses of life and property, as well as, destruction of the environment. The common hazards in Tanzania

include epidemics, pest infestation, droughts, floods, major transport and industrial accidents, refugees and fires. These shocks require definitive policy and resources to manage (e.g. prevent, mitigate, and respond to).⁸

4.3.2 Quality of life and social well being

The second cluster addresses human capability, survival and well-being. A social protection framework becomes necessary to address vulnerability and provide for social security, 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 quality food and services like education, information, 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 and protected environment, for example, free from air and water pollution or 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), distribution of income at individual and national level, prices, and the cost of services all affect availability and utilization of services.

It is recognized that improved quality of 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 natural resources utilised in a sustainable way.

4.3.3 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 use of public resources (financial, information and natural resources), management systems, personal security, tolerance and inclusion, and participation in decision making. Participation is achieved through local government reform processes, school committees, cooperatives and farmers associations 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.

Reduction of poverty and improved quality of life require effective, transparent and accountable use of resources in a fair and corruption free system. Information on policies, legal framework, laws and public finances are all important. NSGRP recognizes public access to information as a human right as well as a key means to facilitating effective policy implementation, monitoring and accountability.

⁸ The National Disaster Management Policy (1990) and the National Operational Guidelines for Disaster Management (1sted, 2003) address strategies to manage disasters in Tanzania with details on institutional arrangement and responses.

The cluster further addresses issues of effective public administration in order to ensure 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. In the same spirit, the private sector and civil society will also be expected to demonstrate accountability to the people – i.e. private sector corporate responsibility and civil society’s accountability to the people.

4.4 Prioritisation and sequencing

The three major clusters of desired poverty reduction are all equally important. In principle the strategy, at best, gives indicative areas of possible collaboration between/among sectors or actors. It encourages sectors and actors to explore areas for possible collaboration for specific outcomes. As a way of prioritising or sequencing of actions/activities/programmes given limited resource envelope, sequencing and therefore, linking up the strategy to the budgetary allocation system over the five year period, sectors will be guided by the following considerations:

- On-going strategies/programmes/activities that were initiated during the PRS (P) within the priority sectors and are identified in the NSGRP – e.g. PEDP, BEST, ROADS, ASDS/ASDP, the judiciary, land, Health Sector Strategic Plan. These are taken as on-going commitments;
- New strategies/ programmes that build on the on-going strategies /programmes – e.g. Secondary Education Development Programme (SEDP);
- New quick win strategies/programmes/activities – with immediate and wide impact such as micro-credit, child nutrition, malaria and HIV and AIDS, problems of the vulnerable groups;
- Cluster strategies/programmes/activities that have large “multiplier effects”, that is, covering more people, larger area or more issues, such as water programmes, agricultural productivity, trade, ICT programmes and employment;
- Clusters strategies/programmes/activities that address more than one NSGRP outcomes, for example, governance reforms, and demonstrate greater inter-dependence between/among clusters/strategies/sectors with possible saving on resources as a result;
- Clusters strategies/programmes/activities that contribute to implementation and capacity development particularly at local government and community levels such as LGRP and the Local Government Capital Development Grants (LGCDG);
- Clusters strategies/programmes/activities that address regional imbalances; and

- Cluster strategies/programmes/activities for mainstreaming cross-cutting issues.

The consultation processes on policy and budget between the government and non-state actors will make good use of these considerations. The purpose of the consultation is to enable stakeholders to provide policy and programme inputs that inform the budget process.

4.5 Major cluster outcomes and definitions

The strategy framework identifies broad outcomes for each cluster under which a set of *goals* are defined with an associated set of specific *operational targets* with timeframes. For each operational target, specific interventions / activities or actions are identified. It is possible to trace these actions to *sectors* and other actors that are responsible for implementation toward a given major cluster or broad outcome. Definitions of these terms, with examples, are given in Table 4.1.

Table 4.1: Definitions of terms and examples

Term	Examples
Broad outcomes:	<i>Wider longer-term sectoral or national outcomes Tanzania would like to realise as specified in national policies such as Vision 2025: e.g.</i> <ul style="list-style-type: none"> • Improved quality of life and social well being of rural population.
Goals	<i>Outcome aimed at achieving one of the broad outcomes. This does not necessarily need to have a timeframe and target, e.g.</i> <ul style="list-style-type: none"> • Reduce child and maternal mortality
Operational target	<i>Outcomes that have specific timeframes and target: e.g.</i> <ul style="list-style-type: none"> • Reduce infant mortality from 95 (1000) in 2004 to 50 (1000) in 2010 • 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. • Reduce the HIV prevalence from 11% in 2004 to 10% in 2010 between ages of 15-24 years. • Increased proportion of the population having an access to electricity in rural areas from less than 2% to 15% by the year 2015.
Cluster strategies	<i>Activities that different actors will do in order to deliver intended operational outcome/ target: e.g.</i> <ul style="list-style-type: none"> • Immunisation of children • Community programme on improved nutrition for children's health • Improved rural roads for access to health care facilities and markets • Construction of protected water sources in villages • Use of fuel efficient stoves and reduction in indoor air pollution • Use low-cost electrification technologies for electrifying rural remote areas • Apply renewable energies (e.g. solar, wind, micro hydro, etc.) for decentralised electricity generation • Institute reproductive health and HIV/AIDS prevention programmes in primary and secondary schools

The NSGRP specifically sees a possibility of different sectors and actors working together toward specific outcomes; this also came up in the course of the public consultation during the preparation of the NSGRP. Information about actions and targets is useful for further purposes of costing, monitoring and evaluation.

CHAPTER V: THE STRATEGY

5.1 Introduction

This chapter presents the strategy details on how the core NSGRP outcomes are going to be achieved. It reflects the concerns of stakeholders and on going economic and social reforms and sectoral and district programmes. It also aims at fostering greater linkages and collaboration among different actors. Details include: specific broad outcomes, goals and operational targets for the three clusters.

MDAs and LGAs and other actors are key implementers through their respective strategic plans and programmes. They will align to the NSGRP by addressing the core NSGRP outcomes. Sectoral linkages and collaboration will lead to efficient attainment of the broad outcomes. On the basis of consultations, areas of collaboration, whereby different actors will contribute to specific goals or targets of the strategy, were identified. These details are included in the Annex.

5.2 Policy environment

The Government is determined to stay the course of economic and social reforms and maintain improved macroeconomic stability. In the course of the NSGRP, real GDP is expected to reach the average growth rate of 6-8 percent per annum between 2005/06 and 2009/10 consistent with the aspirations of Vision 2025. Domestic revenue mobilisation effort will be accelerated and external support utilized to increase the capacity for steady growth. Government will continue to adhere to the objectives of the National Debt Strategy (NDS) and seek further debt relief from the Paris Club and Non-Paris Club Creditors as agreed under the HIPC programme. Projections for 2005/06-2009/10 assume improvements in the productivity of agriculture and other productive and economic service sectors, tourism and mining and a strategic trade regime fostering international competitiveness, promoting private sector development and implementation of policies in respect of the SMEs, micro-finance and cooperatives.

Continued attention will be paid to equitable allocation of public resources, better public finance management and fiscal discipline keeping in focus budget execution, procurement and audits, public service reforms and the necessary Parliament oversight. Capacity building needs at the level of central and local government will be pursued and good governance, accountability and human rights adhered to with a focus on the impact on the poor.

The Government will continue to support social sector reforms in education, health and water. Social welfare and social protection programmes for the vulnerable groups will be covered adequately to reduce risks to vulnerability. Efforts to address budgeting and financing of gender imbalances and other cross-cutting issues will be scaled up. Political reforms will be continued in order to create an

enabling political environment necessary to unleash political support for growth and attainment of the MDGs, NEPAD targets as well as all other regional and international commitments.

5.3 Cluster goals, targets and strategies

Box 1 summarises broad outcomes and goals related to the three major clusters.

Box 5.1: Summary of cluster broad outcomes and goals

Cluster I: Growth and Reduction of Income Poverty

Broad outcome:

Broad based and equitable growth is achieved and sustained

Goals:

- Ensuring sound economic management.
- Promoting sustainable and broad-based growth.
- Improving food availability and accessibility.
- Reducing income poverty of both men and women in rural areas.
- Reducing income poverty of both men and women in urban areas.
- Provision of reliable and affordable energy to consumers.

Cluster II: 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:

- Ensuring equitable access to quality primary and secondary education for boys and girls, universal literacy among men and women and expansion of higher, technical and vocational education.
- Improved survival, health and well-being of all children and women and of specially vulnerable groups
- Access to clean, affordable and safe water, sanitation, decent shelter and a safe and sustainable environment and thereby, reduced vulnerability from environmental risk.
- Adequate social protection and provision of basic needs and services for the vulnerable and needy.
- Effective systems to ensure universal access to quality and affordable public services.

Cluster III: Governance and Accountability

Broad outcomes:

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

Goals:

- Structures and systems of governance as well as the rule of law are democratic, participatory, representative, accountable and inclusive.
- Equitable allocation of public resources with corruption effectively addressed
- Effective public service framework in place to provide foundation for service delivery improvements and poverty reduction
- Rights of the poor and vulnerable groups are protected and promoted in the justice system
- Reduction of political and social exclusion and intolerance
- Improved personal and material security, reduced crime, eliminate sexual abuse and domestic violence
- National cultural identities enhanced and promoted

Specific targets and strategies associated with each goal for each of the three clusters. The Annex traces the same cluster goals and identifies areas of collaboration.

5.3.1 Cluster I: Growth of the economy and reduction in income poverty

The broad outcome that will guide the strategy is achieving and sustaining broad-based and equitable growth. Reduction of poverty requires sustained high growth rate of GDP of at least 6-8 percent per annum over the next decade. In this regard, focus will be on scaling up investments towards modernising small, medium and large-scale agriculture for increased productivity and profitability, 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. Safeguards will be devised to protect the environment from undue depletion caused by such activities. Six specific goals are listed in Box 5.1: operational targets and strategies for each goal are briefly summarised in the subsequent sections.

5.3.1.1 Ensuring sound economic management

Sound management of the economy requires sustained actions that maintain a stable and predictable macroeconomic environment in order to achieve a sustained high growth rate of the economy and to generate rational response to market signals. These conditions are essential for sustained long-term private investment. NSGRP pays special attention to sectoral linkages and complementarities and areas that are drivers of pro-poor growth. Operational targets for this goal are summarised in Box 5.2.

Box 5.2: Operational targets for ensuring sound macro-economic management

- Maintained macro-economic stability: inflation rate at maximum of 4%, maintaining official reserves of at least six months of imports, achieving debt sustainability (containing the external debt to GDP ratio at 50 percent or less);
- Reduced unemployment from 12.9 % in 2000/01 to 6.9% by 2010 and address underemployment in rural areas

Sound economic management is to be achieved through maintaining macroeconomic stability; strategies to that effect include the following:

- Sustaining efforts to contain inflation to a level comparable to that of major trading partners by pursuing prudent fiscal and monetary policies as well as increasing production;
- Ensuring that monetary policy continues to focus on price stability, narrowing the gap between deposit and borrowing rates, improving the commercial banking sector, expanding credit to the private sector, and maintenance of market-determined exchange rate (exchange rate stability) and adequate foreign exchange reserves.

- Achieving improvement in the current account of balance of payments; through promotion of export trade for both traditional and non-traditional exports, with a view to reducing aid dependence, and facilitating expansion of enterprises, especially SMEs in exporting activities.
- Assessing macroeconomic effects of aid inflows on the real exchange rate and on the composition of public spending to prevent problems like the “Dutch disease” and deficient absorptive capacity.
- Implementing trade policy that maximizes the benefits and minimizes risks of globalisation while continuing to advocate for fair trade.
- Continuing to strengthen tax policy and administration reforms,
- Deepening financial sector reforms, in particular implementation of priority reform measures under the Financial Sector Assessment Programme (FSAP), updating legislations, improving access to credit and strengthening supervision.
- Implementing policies, strategies and programmes that create employment opportunities as well as creating environment that encourages self-employment, the aim being to halve unemployment rate between by 2010.

5.3.1.2 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. Different socio-economic groups have not felt the benefits of improved growth equally. Detailed growth strategies, which require multi-sectoral actions, will be developed within the context of public-private dialogue. Under the NSGRP both sources and patterns of growth will be broad-based.

Operational targets for this goal are summarised in Box 5.3.

Box 5.3: Operational targets for promoting sustainable and broad-based growth

- Accelerated GDP growth rate to attain a growth rate of 6-8% per annum by 2010
- Scaled up participation of the informal sector and SMEs (including cooperatives).
- Increased growth of manufacturing sector from 8.6% to 15% by 2010
- Increased agricultural growth from 5% in 2002/03 to 10% by 2010.
- Increased growth rate for livestock sub sector from 2.7% in 2000/01 to 9% by 2010
- Increased technological innovation, upgrading and use of technologies.
- Promoted regional equity in development and capacity for growth and infrastructure that enables investment and livelihoods diversification
- Repaired 15,000 kms of rural roads annually by 2010 from 4,500 kms in 2003.
- Reduced negative impacts on environment and peoples' livelihoods.
- Reduced land degradation and loss of biodiversity.
- Increased export proportion of value added minerals from the current 0.5% to 3.0% by 2010.

Sustainable and broad based growth can only be realised through accelerated GDP growth and widening the spectrum of actors in the economy, particularly the informal sector, SMEs and the cooperatives. It entails: (i) strengthening of the link between agriculture and industry; (ii) raising

contribution of other sectors to GDP; (iii) preventing the negative impacts on environment and people's livelihoods (iv) promoting technological innovations, communication, physical infrastructures such as roads, ports, railway lines and storage facilities; and (v) promotion of regional equity in development is another important dimension for broad-based growth. The TMTP2020 strategic actions address the objective of growth through creation of attractive sites for both domestic and foreign investors so as to accelerate growth in production, per capita incomes, export earnings and employment in the SEZs.

Achievement of sustainable and broad-based growth will incorporate the following strategic actions:

- Promoting investment in the productive and services sectors with a view to increasing productivity and enhancing job creation;
- Empowering Tanzanians to mobilise savings and investments through, among others, sale of units by the Unit Trust of Tanzania, Parastatal Sector Reform Commission and the Capital Markets and Securities Authority and other initiatives;
- Implementing BEST programme, maintaining a predictable business environment and protecting property rights;
- Implementing TMTP 2020
- Modernising and expanding physical infrastructures through enhanced public-private partnership;
- Promoting R&D and patenting of proven technologies including support to R& D institutions;
- Increasing the number of irrigation schemes and area under irrigation and promoting rainwater harvesting;
- Increasing productivity and profitability in agriculture through technological innovations such as use of improved high-yielding and pests-, disease- and drought-resistant varieties, improved tools and equipment and better soil and water management, improved extension services, training and promotion of Integrated Pest Management (IPM);
- Promoting efficient utilization of rangeland, empowering pastoralists to improve livestock productivity through improved access to veterinary services, reliable water supply, recognizing pastoralism as sustainable livelihood;
- Promoting use of ICT, expanding communication networks and supporting institutions which facilitate appropriate and environmentally friendly technology development and transfer;
- Promoting appropriate production and processing technology;
- Promoting regional equity through appropriate investment incentives and refocusing public expenditure;
- Involving communities in construction, maintenance and management of rural roads;
- Updating mining policy and legislation and developing and promoting enabling environment for investment in mineral value-addition;

- Attracting investment in coal and natural gas development and increase contribution of coal and natural gas to GDP.

5.3.1.3 Improving food availability and accessibility

Availability of food, both in required quantity and quality is an important aspect of human well-being and its absence is a manifestation of poverty. Food insecure households, whether for lack of stocks or income for purchasing food, are vulnerable to all sorts of ills, with women and children often being more at a disadvantage. Food security is attained through increased per capita production of food crops, having adequate income and ensuring that in times of shocks enough reserves are maintained to minimise vulnerability. At the national level the Strategic Grain Reserve (SGR) is intended to cater for shocks that lead to food insecurity. Operational targets for this goal are summarised in Box 5.4.

Box 5.4: Operational targets for improving food availability and accessibility

- Increased food crops production from 9 million tons in 2003/04 to 12 million tons in 2010.
- Maintained Strategic Grain Reserve of at least 4 month of national food requirement.

The following strategies will be implemented in order to ensure availability and accessibility of food in both urban and rural areas:

- Providing targeted subsidy to selected food crops, identifying and promoting modern farming technologies especially in rural areas and providing support for increased utilisation of improved technologies for crop and livestock production
- Identifying research activities and promote food storage technologies/ facilities and enhance agro-processing as well as environmentally friendly farming technologies and practices especially for rural areas.
- Improving stock management and monitoring of food situation
- Undertaking a review of the maize supply chain, management and monitoring of emergency food supplies, including further clarification of regulation and means of enhancing trade.
- Improving road network connectivity to facilitate flow of food crops

5.3.1.4 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 than in rural areas. Within rural areas women have been even more disadvantaged. Efforts will be stepped up to reduce the proportion of the rural population below the basic needs poverty line from 38.6 percent in 2000/01 to 24 percent by 2010; and food poverty line from 27 percent in 2000/01 to 14 percent by 2010. Operational targets for this goal are summarised in Box 5.5.

Box 5.5: Operational targets for reducing income poverty of men and women in rural areas

- Reduced proportion of rural population (men and women) below the basic needs poverty line from 38.6% in 2000/01 to 24% in 2010
- Reduced proportion of rural food poor (men and women) from 27% in 2000/01 to 14% by 2010.
- Increased productivity and profitability both within agriculture and outside agriculture sector.
- Increased sustainable off-farm income generating activities
- Secured and facilitated marketing of agricultural products.
- Increased contributions from wildlife, forestry, and fisheries, to incomes of rural communities.

The strategy for achieving this goal requires a broad range of actions in production and productivity, improved marketing and diversification in sources of income and rural transformation, including:

- Providing reliable, affordable and efficient energy and alternative rural energy schemes;
- Enhancing life-skills and entrepreneurship training for rural population;
- Increasing access to rural micro-financial services for subsistence farmers, particularly targeting youth and women; promote and sustain community-based savings and credit schemes such as SACCOS and revolving funds;
- Strengthening cooperatives and Export Credit Guarantee Fund for cooperatives and other farmers' organisations;
- Investing in rural infrastructure to facilitate marketing of rural produce;
- Supporting production of crops with high returns;
- Promoting off-farm activities and value-addition schemes to primary agricultural, fishing, forest, wildlife and livestock products through agro-processing SMEs and cooperatives;
- Scaling up community development initiatives e.g. community-based rural road construction and enhancement of programmes such as SIDO, TASAF and SELF that focus at micro level.

5.3.1.5 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 special attention. Like their women counterparts in rural areas, urban women are also more disadvantaged. In this regard programmes will be scaled up in order to reduce the proportion of urban population below the basic needs poverty line from 25.8 percent in 2000/01 to 12.9 percent by 2010; and below the food poverty line from 13.2 percent in 2000/01 to 6.6 percent by 2010. Operational targets for this goal are summarised in Box 5.6.

Box 5.6: Operational targets for reducing income poverty of men and women in urban areas

- Reduced proportion of the urban population (men and women) below the basic needs poverty line from 25.8% in 2000/01 to 12.9% in 2010.
- Reducing the proportion of the urban food poor (men and women) from 13.2% in 2000/01 to 6.6%.

The approach to reaching this goal will involve measures targeting access to credit, settlements, skills and entrepreneurship development and employment. The specific strategies will include:

- Supporting SMEs and the informal sector in accessing financial services, and implementing land use and management plans;
- Promoting self-employment and improving quality of labour through apprenticeship and entrepreneurship programmes as well as vocational training;
- Ensuring reliable supply of essential utilities, including energy and water and sanitation.

5.3.1.6 Provision of reliable and affordable energy to consumers

This goal aims at contributing to the quality of life by ensuring reliable power supply to consumer – households and investors alike. It aims at promoting rational and efficient use of power as developing and promoting indigenous energy sources. There will be a need to increase the proportion of rural and urban population with access to electricity and a reduced proportion of population depending on biomass energy for cooking from 90 percent in 2003 to 80 percent in 2010.

Operational targets for this goal are summarised in Box 5.7.

Box 5.7: Operational targets for provision of reliable and affordable energy to consumers

- Liberalization of the power sub-sector effected by 2010.
- At least three (3) Production Sharing Agreements (PSA) negotiated, concluded and signed by June 2010.

The specific strategies to achieve the targets include:

- U-dating regularly the power systems master plan; expedite implementation of power projects according to the Power System and Rural Energy Master Plans and finalise restructuring of power sub-sector;
- Issuing of guidelines and regulations for reduction of energy in transportation, transmission and distribution losses reviewed and enforced; privatise generation and distribution;
- Developing and promoting utilization of indigenous energy resources and diversification of energy sources;
- Promoting on-shore and offshore petroleum exploration.

5.3.2 Cluster II: Improvement of quality of life and social well-being

The Government recognizes the central role of social service sectors in achieving the goal of improving quality of life and social well-being. Efforts have been made to increase expenditure on pro-poor social services, but the intended levels of resources have not been fully realised. There is an urgent need, therefore, to increase funding to the social service sectors. The NSGRP will put emphasis on the desired outcomes that can effectively reduce vulnerability. Greater attention will be paid to equity and quality issues in the delivery of social services recognising the role of LGAs as the primary providers of services at the local level. Attention will also be paid to clean and healthy environment.

The disparities between the rich and poor, cross-age groups and between urban and rural citizens in accessing and use of social services will be minimised. 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.

In line with the concerns of the stakeholders and the overarching orientation of Vision 2025 and NPES, the focus on non-income poverty strategy aims at achieving five goals (Box 5.1 above). The following sections describe operational targets and strategies to achieve these goals.

5.3.2.1 Ensuring equitable access to quality primary and secondary education for boys and girls, universal literacy among women and men; and expansion of higher, technical and vocational education

Operational targets (Box 5.8) address early childhood development, increased enrolment, and opportunities for children with disabilities, improved learning environment and access to and quality of education, adult education, and improvement and expansion of vocational and higher education.

Box 5.8: Operational Targets for ensuring equitable access to quality primary and secondary education for boys and girls, universal literacy among women and men and expansion of higher, technical and vocational education

<p>A. Early Childhood</p> <ul style="list-style-type: none"> • Increase in the number of young children prepared for school and life
<p>B. Primary Enrolment</p> <ul style="list-style-type: none"> • Increased gross and net enrolment of boys and girls, including children with disabilities in primary schools from 90.5% in 2004 to 99% in 2010 • Increased proportion of orphans and other vulnerable children enrolled, attending and completing primary education from 2% in 2000 to 30% in 2010
<p>C. Secondary Enrolment</p> <ul style="list-style-type: none"> • Increased percentage of girls and boys with disabilities and OVCs who qualify for secondary education enrol and complete secondary schools by 2010 • At least 50% of boys and girls aged 14-17 years are enrolled in ordinary level secondary schools by 2010 • At least 60% of girls and boys pass Standard VII examinations by 2010 • At least 25% of boys and girls are enrolled in advance level secondary schools by 2010
<p>D. Primary Achievement & Quality</p> <ul style="list-style-type: none"> • Achieving an average daily attendance in primary schools of at least 85% • At least 95% of cohort complete standard IV • At least 90% of cohort completes standard VII.
<p>E. Secondary Achievement & Quality</p> <ul style="list-style-type: none"> • At least 70% of girls and boys pass at Division I-III in Form IV examinations. • Improved learning environment for all children in all schools, with all education institutions safe, violence free, child friendly and gender sensitive • Access to and quality of education in GoT and Non-Government schools regulated. • 90% of primary and secondary schools have adequate, competent and skilled teachers by 2010.

<ul style="list-style-type: none"> • Primary and secondary education is of a high quality and promotes the acquisition of critical knowledge, real skills and progressive values.
<p>F. Higher & Technical Education</p> <ul style="list-style-type: none"> • Increased enrolment in higher and technical education in Universities and in Technical Colleges to 30,000 full time students, 10,000 part time, and 15,000 distance learners by 2008. • Improved knowledge on entrepreneurship skills amongst youth
<p>G. HIV/AIDS</p> <ul style="list-style-type: none"> • Effective HIV and AIDS education and life skills programmes offered in all primary, secondary schools and teachers colleges.
<p>H. Adult & Non-Formal Education, & Culture</p> <ul style="list-style-type: none"> • At least 80% of adults, especially women in rural areas, are literate. • Reduced number of illiterate adults from 3.8 million (2004/05) to 1.5 million (2007/08). • Reduced numbers of young people involved in COBET from 234,000 in 2004/5 to 70,566 in 2007/08 • Expanded and improved public participation in cultural activities. • Increased numbers of students/youth who are service orientated.

Considerable progress has been made under the Primary Education Development Programme (PEDP). In the first years of PEDP implementation focus was on enrolment expansion, classroom construction, and teacher engagement and deployment. Issues of quality improvement in provision of teaching and learning materials have also been emphasized.

In subsequent years of PEDP, more emphasis will be given to *quality* focusing on in-service and pre-service teacher training, teaching / learning materials, and system-wide management improvements. The thrust of the current strategy comprises increasing both gross and net enrolment of boys and girls in primary schools; and increasing enrolment of children with disabilities and other vulnerable groups in primary schools. 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 and children with disabilities attending secondary school. The strategy also aims to increase enrolment of boys and girls in secondary education. It put more emphasis on improvement of the attendance rate in primary and secondary education for both Government and non-Government schools. Measures to improve learning environment, increase the number and improve the quality of teachers for both primary and secondary education forms critical ingredients to the strategy.

Since 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 aimed at protecting children and combat HIV and AIDS as well as poverty.

Concerns regarding the performance (and retention) of girls during their final years of primary education and throughout secondary education are well recognized. More attention will be given to improved retention and performance of girls in primary and secondary education. Focus will be on ensuring equitable access, improving quality and strengthening governance in primary education and expanding access to quality secondary, vocational, adult non-formal education and higher education.

The Government will maintain its current policy of abolishing primary school fees and related contributions. It will 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 or remote areas. A wide range of initiatives will be identified and implemented towards supporting a safer, gender sensitive, children-friendly and more conducive environment for efficient and effective delivery of education, including:

- 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;
- Providing effective HIV and AIDS life-skills education to all primary and secondary schools, and out of school youth programmes;
- Instituting specific interventions to increase girls' retention and performance in primary especially in secondary schools, such as hiring of trained and motivated female teachers, and improving gender dynamics in classrooms and within the school environment.

The Government will increase funding and implementation of a cost-effective and sustainable strategy for increasing adult literacy especially among rural women and strengthening the cultural and ethical dimensions of education.

Vocational, technical and higher education will be expanded. Support will be increased to higher education, technical and R&D institutions, especially where the institutions address development needs of the local environment and contribute to enhancing the country's international competitiveness in knowledge creation and propagation.

5.3.2.2 Improved survival, health and well-being of all children and women and especially of vulnerable groups

Operational targets to be achieved by the year 2010 (Box 5.9) are grouped under six categories: infant and child health; child nutrition; maternal health; HIV/AIDS; and human resources and management.

Box 5.9: Operational targets for improved survival, health and well-being of all children and women and especially of vulnerable groups

<p>A. Infant & Child Health</p> <ul style="list-style-type: none"> • Reduced infant mortality from 95 in 2002 to 50 in 2010 per 1,000 live births. • Reduced child (under five) mortality from 154 to 79 in 2010 per 1000 live births. • Reduced hospital-based malaria-related mortality amongst under-5s from 12% in 2002 to 8% in 2010
<p>B. Child Nutrition</p> <ul style="list-style-type: none"> • Reduced prevalence of stunting in under fives from 43.8 % to 20% in 2010 • Reduced prevalence of wasting in under fives from 5.4% to 2 % in 2010

<p>C. Maternal Health</p> <ul style="list-style-type: none"> • Reduced maternal mortality from 529 to 265 in 2010 per 100,000 • Increased coverage of births attended by trained personnel from 50% to 80% in 2010
<p>D. HIV/AIDS</p> <ul style="list-style-type: none"> • Reduced HIV prevalence among 15-24 year pregnant women from 11% in 2004 to 5% in 2010 • Reduced HIV prevalence from 11% in 2004 to 10% in 2010 between the ages of 15 and 24 years. • Reduce HIV and AIDS prevalence among women and men with disabilities (aged 15-35 years) • Increased the knowledge of HIV/AIDS transmission in the general population TACAIDS • Reduce HIV/AIDS stigmatisation.
<p>E. Human Resources & Management</p> <ul style="list-style-type: none"> • Health Boards and Facility Committees in place and operational in all districts. • Service delivery agreements operational and effective. • Regional Health Management Teams in place and operational. • Promoted knowledge-based care among health workers for attending among others, people with disabilities and the elderly.

Addressing existing barriers and increasing access to high quality care,⁹ particularly for women and children in the rural areas, are a priority in this strategy. 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,¹⁰ and 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, railways, 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.

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

- Targeted interventions to slow down the rate of new infections and protect the estimated 90 percent HIV free people in the community; provide full and equitable access to treatment for STIs; ensure broader, systematic and affordable access to family planning services, in particular to

⁹ These include family planning, adolescent reproductive health, antenatal care, emergency obstetric care, post-natal care and newborn care.

¹⁰ 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.

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.
- 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 the continuity of care framework so as 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 (e.g. access to family planning services, improved maternal health care) to address gender inequalities and address the increasing HIV infection among women.

Continued prioritisation of policy and actions remains essential to all poverty reduction and national development efforts. These include: 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, orphans and persons with disabilities who increasingly face the impact of HIV and AIDS.

5.3.2.3 Increased access to clean, affordable and safe water, sanitation, decent shelter and a safe and sustainable environment and thereby, reduced vulnerability from environmental risk

Operational targets (outcomes) to be achieved by the year 2010 are summarised in Box 5.10. They are grouped under five broad headings: water; sanitation and waste management; pollution; planning and human settlements; and vulnerability and environmental conservation.

Box 5.10: Operational targets increased access to clean, affordable and safe water, sanitation, decent shelter and a safe and sustainable environment and thereby, reduced vulnerability from environmental risk

<p>A. Water</p> <ul style="list-style-type: none"> • Increased proportion of rural population with access to clean and safe water from 53% in 2003 to 65% 2009/10 within 30 minutes of time spent on collection of water. • Increased urban population with access to clean and safe water from 73% in 2003 to 90% by 2009/10..
<p>B. Sanitation & Waste Management</p> <ul style="list-style-type: none"> • Increased access to improved sewerage facilities from 17% in 2003 to 30% in 2010 in respective urban areas. • Reduced households living in slums without adequate basic essential utilities. • 100% of schools to have adequate sanitary facilities by 2010 • 95% of people with access to basic sanitation. By 2010. • Cholera out-breaks cut by half by 2010.
<p>C. Pollution</p> <ul style="list-style-type: none"> • Reduced water related environmental pollution levels from 20% in 2003 to 10% in 2010 • Reduction in harmful industrial and agricultural effluents

D. Planning & Human Settlements

- Planned and serviced urban settlements with functioning town planning procedures in place
- Increased number of people having secure tenure of land and properties that can be mortgaged, and women and men have equal rights to access, ownership and inheritance.

E. Vulnerability & Environmental Conservation

- Reduced vulnerability to environmental disasters.
- Soil, forest and aquatic ecosystems that people depend upon for production and reproduction conserved.
- Reduction in land degradation and loss of biodiversity

Adequate sanitation and sustainable access to safe and clean water and shelter play a critical role in supporting livelihoods and ensuring health. There are disparities in access to water between urban and rural areas, across regions and even within districts. Measures that will be pursued include expanding and maintain existing protected-water sources, properly maintaining sanitation facilities and ensuring facilities at public institutions are adequate and 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. It is important to check over-exploitation of natural resources and environmental degradation. The government will reduce vulnerability to environmental risk through checking soil erosion and deforestation and reducing environmental pollution. Strategies will be put in place to mitigate effects of natural disasters, halt desertification and promote water conservation practices. Sustainable use of natural resources through community-based natural resource management and enhanced district level planning will be pursued. Village titling and issuance of Certificate of Village Land will assist communities secure tenure over natural resources and encourage participatory forestry and wildlife management.

The government recognizes the slow pace in town planning and 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, in a poor environment and with inadequate or no access to essential utilities of clean water, electricity, roads and sewerage lines. Measures will be taken to ensure improved access to and quality of such services as well as improved urban planning, surveying and titling to ensure access to plots by the poor and vulnerable groups.

5.3.2.4 Adequate social protection and rights of the vulnerable and needy groups with basic needs and services

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 prospects of girls. HIV and AIDS orphans, youths and old people, particularly women, and people living with disabilities constitute vulnerable groups for whom extreme poverty is often compounded by exclusion and discrimination. Children and women are 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. To

address these issues, nine operational targets have been identified and grouped under four broad headings (Box 5.11).

Box 5.11: Operational targets for adequate social protection and rights of the vulnerable and needy groups with basic needs and services

<p>A. Social Protection</p> <ul style="list-style-type: none"> • Increased number of orphans and most vulnerable children reached with effective social protection measures by 2010. • 20% of children and adults with disabilities reached with effective social protection measures by 2010 • 40% of eligible older people reached with effective social protection measures by 2010 • Reduced violence against women.
<p>B. Support to Vulnerable Groups</p> <ul style="list-style-type: none"> • Increased support to poor households and communities to care for vulnerable groups targeting older people, orphans, other vulnerable children and people living with HIV and AIDS.
<p>C. Child Protection & Rights</p> <ul style="list-style-type: none"> • Reduced proportion of children in labour country wide from 25% to less than 10% by 2010 and avail to them alternatives including enrolment in primary education, COBET and employable vocational education skills training
<p>D. Access of the Rural Population to Modern Energy Services</p> <ul style="list-style-type: none"> • Institutional arrangement for rural energy development established and strengthened • Increased contribution of solar, wind and biomass and coal for electricity generation from the current 0.5% in 2003 to 3% by June 2010 • At least 10% of the population using alternative power to wood fuels for cooking by 2010

A range of specific measures will be identified and implemented. A comprehensive policy on vulnerability and social protection will be developed and enforced. The objectives of the policy include: to harmonise the implementation of programmes; to increase the scale of most cost-effective programmes and to improve joint monitoring and evaluation of progress. Specific measures will be implemented to assist in protecting those most vulnerable from falling deeper into poverty, including: measures to ensure children are protected from exploitation, abuse, and violence; to promote access to quality social services, credit and to transfers and pensions; to increase the scale of effective micro and area-based schemes, social insurance and social assistance programmes. Support will be provided to HIV and AIDS-affected households headed by children and other orphans, the aged and young women. Simultaneous interventions will be implemented to reduce stigma and discrimination against people living with HIV and AIDS. To ensure that all interventions are sustained and meet the priority needs of the poorest, communities will be fully involved in designing and in effectively instituting appropriate social protection measures at that level. Likewise, the capacity of local authorities will be strengthened to facilitate the identification of vulnerable persons and provide them with appropriate supports.

5.3.2.5 *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 for promoting the well being of all Tanzanians. This calls for increased provision of essential infrastructure, planned and serviced human settlements and skilled personnel. There is also a need to forge effective partnerships between the government, LGAs, CSOs and the private sector. Seven specific operational targets (Box 5.12) are grouped under five broad headings: roads; schools and health facilities, social services; access to health facilities; and, partnerships and planning.

Box 5.12: Operational targets for effective systems to ensure universal access to quality and affordable public services

<p>A. Roads</p> <ul style="list-style-type: none"> • Improve passable (good/fair condition) rural roads from 50% in 2003 to at least 75% in 2010
<p>B. Schools and Health Facilities</p> <ul style="list-style-type: none"> • 90% of schools and 80% of health facilities in the urban and rural areas have the required mix of skilled and motivated workers in place.
<p>C. Social and Service Sectors</p> <ul style="list-style-type: none"> • Skilled personnel in social sectors infrastructure and utilities are attending to their tasks and executing their obligations accordingly.
<p>D. Access to Health Services</p> <ul style="list-style-type: none"> • Improve accessibility to health services by geographical coverage. Household to be within 5 km of health service units. • 100% of eligible older people provided with free medical care and attended by specialized medical personnel by 2010
<p>E. Partnerships and Planning</p> <ul style="list-style-type: none"> • Optimal partnerships with CSOs and the private sector in expansion and provision of quality social services are in place. • Realistic, streamlined and useful systems for planning and data analysis are in place

The Government will increase absolute resources for basic public services and ensure that a basic infrastructure in terms of facilities, equipment and materials, well-trained, competent and motivated human resource, referral structures, a network of passable roads and railways are in place. The strategy also will ensure that health facilities are improved and are accessible and drugs are made available throughout the year. The Government will forge partnership with all other stakeholders, including; CSOs, private sector and Faith Based Organisations (FBOs), in the provision of quality social services.

5.3.3 Cluster III: Governance and Accountability

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

- Good governance and the rule of law are ensured;
- Leaders and public servants are accountable to the people;
- Democracy, political and social tolerance are deepened; and

- Peace, political stability, national unity and social cohesion are cultivated and sustained.

Seven goals have been identified for this cluster. To each goal there is one or two operational target(s) (Box 13).

Box 5.13: Cluster III - Goals and targets for governance and accountability

1. Structures and systems of governance as well as the rule of law are democratic, participatory, representative, accountable and inclusive.
 - *Ensure representative, inclusive (poor and vulnerable groups) and accountable governance institutions operating at all levels*
2. Equitable allocation of public resources with corruption effectively addressed
 - *Public resources are allocated, accessible and used in an equitable, accountable and transparent manner*
 - *Institute effective regulations and mechanisms regarding petty and grand corruption*
3. Effective public service framework in place to provide foundation for service delivery improvements and poverty reduction
 - *Administrative systems of public institutions are managed transparently and in the best interests of the people they serve.*
 - *Decentralisation by devolution institutionalised and implemented to enhance public ownership of the development and poverty reduction process*
4. Rights of the poor and vulnerable groups are protected and promoted in the justice system
 - *Ensure timely and appropriate justice for all especially the poor and vulnerable groups.*
5. Reduction of political and social exclusion and intolerance
 - *Develop political and social systems and institutions, which allow for full participation of all citizens including the poor and vulnerable groups.*
6. Improved personal and material security, reduced crime, eliminate sexual abuse and domestic violence
 - *Ensure institutions and agents of government such as the police, courts and prisons observe human rights and ensure justice and security of all citizens.*
7. National cultural identities enhanced and promoted
 - *Policies, strategies and legal frameworks for national language, cultural and moral development are in place and operational.*

Whereas strategies specific to each goal (and targets) are also described in the next section, possible areas of collaboration are in the Annex.

5.3.3.1 Structures and systems of governance as well as the rule of law are democratic, participatory, representative, accountable and inclusive

The first goal is to develop structures and systems of democratic governance that are participatory, representative, accountable and inclusive. The operational target for this goal is to ensure representative, inclusive and accountable governance institutions operating at all levels.

Strategies to achieve this target will include: scaling up and follow up on the implementation of all the components of the National Framework on Good Governance; improving the capacity of all representative bodies; and strengthening local level governance institutions while focusing on increased participation and representation of women, children, youth, and people with disabilities and other vulnerable persons in all governance structures. Other strategies include: maintaining and ensuring separation of powers between the executive, judiciary and legislation; and enforcement and

harmonisation of policies and laws relevant to land and natural resource utilization and management. The latter will include undertaking surveys and issuing of certificates for ownership to relevant villages and individuals with a view to improving security of tenure. Capacity development for local authorities to implement and oversee governance reforms remains critical to the success of good governance reforms. The gender issues will be mainstreamed into policies, plans, budgets and implementation mechanisms including gender monitoring and indicators for good governance.

5.3.3.2 Equitable allocation of public resources with corruption effectively addressed

The second goal addresses a need for equitable allocation of public resources and effective control of corruption. This goal has two operational targets:

- (i) Public resources are allocated, accessible and used in an equitable, accountable and transparent manner; and
- (ii) Institute effective regulations and mechanisms regarding petty and grand corruption.

Towards the first target, strategies will include built-in equity and participation principles in the PERs, and ensuring access and use of natural resources with clear emphasis on the needs of the poor. Effective mechanisms are needed 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 (LGAs) for accounting, financial reporting and auditing functions will be strengthened. Also, public involvement in the preparation, formulation and monitoring of the NSGRP and budgets will be deepened, including capacity development for routine data system.

All transfer mechanisms to LGAs, including villages and *mitaa* for recurrent and development funding, will be harmonised with the formula-based recurrent grant and Local Government Capital Development Grant (LGCDG) systems to provide a single national process that emphasizes equity, transparency and accountability, and rewards performance improvement.

The second operational target focuses on petty and grand corruption. The strategies will include strengthening existing institutions and mechanisms (e.g. PCB) to operate independently and take effective and swift action as well as enforcement of the National Anti-Corruption Strategy and Action Plan (NACSAP). LGAs and MDAs will undertake concrete actions to develop capacity for managing resources, reduce and monitor corruption within their respective sectors. Also, measures will be taken to deepen engagement of media and civil society in policy processes and to protect and promote the independence of the media. The government and other key actors will provide information on the budget allocations, disbursements and uses of funds at district, ward and village level.

5.3.3.3 Effective public service framework in place to provide foundation for service delivery improvements and poverty reduction

The third goal focuses on establishing effective public service framework as a foundation for improvement in service delivery and reduction of poverty. Two operational targets have been identified. The first is to ensure the administrative systems of government are managed transparently and in the interests of the people they serve; the second is to institutionalise and implement decentralisation by devolution so as to enhance public ownership of the poverty reduction process.

Strategies will include strengthening the Public Service Reform Programme 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 to monitor quality of public services. Measures will be taken to strengthen monitoring and evaluations to ensure performance indicators are tracked against objectives and targets in each MDA. To that effect, actions will be taken to develop, implement and monitor feedback on Client Service Charters and end-user surveys in each sector; as well as to promote public-private-NGOs partnership in the provision of services. The need to hire qualified personnel in key sectors who are trained, motivated, equitably deployed and supervised is critical. This calls also for the need to increase and rationalize remuneration of civil servants in order to fairly compensate workers and to reduce corruption.

The government policy of decentralisation by devolution will continue to be implemented through the LGRP. This entails devolution of increasing responsibilities for service delivery to LGAs, including village and *mitaa* that have to be empowered and their capacity built to carry out their roles as set out in the Policy Paper on Local Government Reform (1998).

5.3.3.4 Rights of the poor and vulnerable groups are protected and promoted in the justice system

The fourth goal focuses on the protection and promotion of the rights of the poor and vulnerable groups in the justice system. The operational target for this goal is to ensure timely justice for all, particularly the poor and vulnerable groups.

The strategies to achieve the target will include strengthening the judicial system; extending coverage of the legal reforms and continued review of succession, inheritance, customary, marriage Acts and laws that address the rights of children, women, girls and other vulnerable groups such as people with disability. In addition, the legal aid for vulnerable groups will be availed. Strengthening monitoring mechanism within the police force, prisons and judicial systems will ensure that assessments of the performance of these institutions are undertaken. The juvenile court system will be reviewed to make sure it is driven by best interest of the child, and covers all regions. Government and other key actors will scale up the fight against all forms of abuse, including trafficking in persons (TIP), discrimination

against women and children, and other vulnerable groups. Improvement of facilities, infrastructure and training of law enforcers (police and courts) to combat TIP and related crime will be stepped up.

5.3.3.5 Reduction of political and social exclusion and intolerance

The fifth goal is the reduction of political and social exclusion and intolerance. The operational target aimed to achieving this goal is development of political, and social systems as well as institutions that allow for full participation of all citizens, including the poor and vulnerable groups.

The strategies to achieve the targets include: designing and implementing campaigns to inform people of their rights, responsibilities, and address all forms of abuse, intolerance, discrimination and stigma. Moreover, dialogue on human rights, reduction of poverty and peace will be promoted among political leaders and faith based organizations. Legislation requiring employers to utilize equal opportunity employment policies will be enforced. Other measures will include analysis of exclusion of vulnerable persons within key review processes (e.g., health and education sector reviews), institution of reliable mechanisms of complaints of citizens to ensure people are protected from retribution and intimidation. Review the legislation and special provisions that categorically define the rights of people with disabilities and measures that need be taken, when these stated rights are infringed.

5.3.3.6 Improved personal and material security, reduced crime, eliminate sexual abuse and domestic violence

The sixth goal aimed at achieving the broad outcomes is to improve personal security, reduce crime, and eliminate sexual abuse and domestic violence. The desired operational target is to ensure that Government institutions and agents namely the police, courts and prisons observe human rights and ensure justice and security for all.

Strategies to achieve the target include: (i) instituting mechanisms to fully implement community-sentencing policy and emphasize rehabilitative rather than punitive approach to prison; (ii) enhancing capacity by training and equipping of police to combat crime, terrorism, illicit business, trading-in-persons, drug-trafficking, money laundering etc. (iii) involving communities in combating these vices; (iv) training the police and other law enforcers on human rights; (v) addressing security needs of vulnerable groups that require differential measures of protection, including children, youths (particularly girls), women, people living with disabilities, people living with HIV and AIDS and the elderly. The capacity of judges, magistrates and state attorneys to handle a large number of cases will be increased. Efforts will be made to increase awareness of people about their Constitutional rights, right to public information and women's rights, including protection of women against violence and right to seek redress and access to justice. The prosecution system and coordination of Ward Tribunals will also be streamlined and strengthened.

5.3.3.7 National cultural identities enhanced and promoted

The seventh goal aims at promoting national cultural identities. In order to achieve this goal, the required actions are to develop and operationalize policies, strategies and legal frameworks for cultural, moral and national language development. The strategies to achieve this include reviewing of existing policies, strategies and legal framework; establishing and supporting institutions that promote cultural identities and national integrity; and integrating moral education into school activities. Also, Swahili language will be locally and internationally promoted as part of the strategy.

CHAPTER VI: IMPLEMENTATION ARRANGEMENT

6.1 Introduction

This chapter explains the implementation arrangements for NSGRP, 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.

6.2 Institutions

The outcome-based approach adopted in NSGRP brings to the fore issues of cross-sector collaboration, inter-linkages and synergies in achieving priority outcomes. The key local actors that will implement the strategy include central government ministries and LGAs, independent departments and agencies (MDAs), private sector, Civil Society Organizations (CSO) and Communities. Parliament will play an oversight role over the government in the implementation process. Likewise, the Development Partners (DP) will play a supportive role in the implementation of NSGRP.

Based on the synergies and inter-linkages, key actors are grouped into five broad sectors or areas of collaboration: (i) the macro sectors; (ii) productive sectors; (iii) social service sectors; (iv) economic service sectors; and (v) public administration sectors. The cross-cutting issues have been mainstreamed into the NSGRP broad clusters. Mainstreaming will further be taken up by individual sectors.

Macro sectors

The areas of collaboration include macro policy frameworks, cross-sectoral issues and coordination and supervision/monitoring at national and local levels. Major areas include financial mobilisation and management, particularly fiscal and monetary issues at central and local government levels as well as policy coordination. Private sector and civil societies will be involved in a consultative process on macro policies.

Productive sectors

The areas of collaboration include public and private investments, markets and regulatory institutions, communication, employment and cross-cutting issues. Key sectors include: agriculture, mining, trade and industry, with particular attention to small and medium enterprises (SMEs). Main actors in this area include the private sector and the government, which will play an enabling role in selected areas of production.

Social service sectors

These sectors include education, health, water and sanitation. The possible areas of collaboration include improvement in access of quality and equity in delivery as well as social protection. The

actors to be involved are LGAs, private sector, central government ministries and civil society organizations, including the faith-based ones.

Economic services sectors

These include roads, construction, transport and communication, energy, water, lands, storage facilities and Information and Communication Technology (ICT). The possible areas of collaboration are investment, joint ventures, regulatory framework, and employment, infrastructure and cross-cutting issues. Actors include the respective central government ministries and LGAs, the private sector and the community at large.

Public administration sectors

The areas of collaboration include policy guidelines, administration of law, peace, security protection of human right and stability. The actors include Central Government ministries and LGAs.

Parliament

The Parliament will maintain its oversight role over government ministries based on the current structure of Parliamentary select committees, which is by sector. Members may be included in special working groups where appropriate.

6.3 Roles and responsibilities

The following are the roles and responsibilities of key institutions in the implementation of NSGRP.

6.3.1 MDAs and LGAs

MDAs and LGAs will have the following responsibilities:

- Coordinating the NSGRP and Poverty Monitoring System and work closely with other actors to ensure that progress in achieving poverty reduction outcomes is monitored and evaluated.
- Facilitating the interface between the national poverty monitoring system and Local Government M&E on different aspects of monitoring and ensure cross-cutting issues are adequately coordinated and mainstreamed during the implementation of the NSGRP.
- Establishing and incorporating NSGRP priorities in the guidelines for the preparation of Medium-Term and Annual Plan and Budget.
- Mobilizing, allocating and monitoring of financial resources made available to NSGRP 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, which are contributing towards achievement of

particular poverty reduction outcomes in their sectors and across sectors. They will also be responsible for identifying detailed priority activities (sectoral and cross-cutting) that will be taken up during the implementation of the NSGRP.

- Ministry responsible for 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, LGAs (district/town/municipal/city councils, village/*mtaa*) will plan and implement programmes within their areas of jurisdiction, in collaboration with other actors, including communities and households through participatory process.

6.3.2 Non-government actors

Findings from consultations identified key roles for non-Government actors in achieving desired outcome of poverty reduction.

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. Mechanism will be developed to enable communities to make leaders, local authorities and central government accountable to the people they serve.

Private sector

The private sector has an important role to play in achieving poverty reduction outcomes because of its central role as the engine for economic growth. The government is reducing its role to core functions of policy formulation, economic management, provision of economic and social infrastructure, and legal and regulatory framework, maintenance of law and order as well as selected areas of public-private sector partnership. The factors that hinder the active private sector participation in the economy will be addressed through friendly trade and investment policies.

Civil Society Organizations

The civil society organizations are key actors in poverty reduction. Their roles and responsibilities will include: building local capacity and empowering communities; participating in monitoring and evaluation at national and community level; mobilizing and enhancing community participation; and mobilizing community resources for poverty reduction. CSOs will advocate for accountability of its members and government to the people. CSOs will work closely with the government ministries and local authorities to ensure that cross-cutting issues are included and implemented in the sectoral and district plans.

In order to improve the effectiveness of civil society organizations there is a need to review and strengthen the organizational and management frameworks at national, regional, district and community levels.

6.3.3 Development Partners

Development partners will continue to work closely with key local actors in addressing poverty reduction outcomes. According to the thrust of the Rome and Paris Declarations, Tanzania Assistance Strategy and Joint Assistance Strategy, the development Partners will use the existing agreed national systems and processes to provide additional financial, technical and other support in the implementation of the poverty reduction strategy geared to the achievement of the Millennium Development Goals. Development Partners will also facilitate capacity building initiatives within the poverty reduction framework as well as participating in monitoring and evaluation.

6.4 Harmonisation and rationalisation of national policy processes

There are several key national level processes, namely: -

- NSGRP and Poverty Monitoring System (NSGRP/PMS);
- Public Expenditure Review (PER), Budget Guidelines 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) and Joint Assistance Strategy (JAS).

The key actors including government will ensure that all these key processes are appropriately sequenced and properly timed in order to provide adequate linkages and synergies among them. The NSGRP and Budget processes are at the centre of all processes. The NSGRP outputs will feed into the PER process, which again informs the preparations of budget guidelines. The budget guidelines inform sectoral budgets and MTEF preparations. TAS/JAS process will also inform the PER process on external assistance.

There are, among Development Partners, efforts to harmonise and rationalise processes by encouraging joint missions and reviews. Bilateral partners and multilateral organisations that are directly supporting the Government budget through the PRBS/PRSC facilities have streamlined required actions by applying the same Performance Assessment Framework and carrying out joint reviews under the PAF. Development Partners themselves have reorganised themselves so as to provide internal coherence amongst themselves in the context of TAS/JAS and the Rome and Paris Declarations. In that way, they will be seeking to harmonise or reduce missions and reporting frameworks and making it possible for the Government to have ample time to concentrate on core activities. With regard to PRGF, the IMF will continue with its efforts to align their review missions

with the budget cycle and coordinate with other development partners. The harmonized calendar will be reviewed and shared widely. The Proposed Annual Cycle is shown in Table 6.1.

Table 6.1: 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	Joint Staff Assessment	PRS Review/ Progress Report	Poverty Policy Week						Participatory Poverty Assessment field work	National Poverty Analysis published	
PER	On-going PER Meetings											
	Annual Work Plan Set	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	Govt Budget Session				Budget Guidelines Preparation			Tax Task Force		Budget and MTEF Preparation		Government Budget
PRBS/PRSC					Annual Review/ Pre-Appraisal			Budget Review /*		Mid-Term Review/ Appraisals and Negotiations		
PRGF /**			IMF PRGF**		IMF Staff PRGF Report issued			IMF PRGF**	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

*/ Strategic Issues covered by PRSB/PRSC Budget Review in September; performance issue covered by PER External Review in February

/**PRGF Meetings to be linked with key PRBS/PRSC processes; IMF has signalled its readiness to align its review missions with the government budget cycle and to coordinate activities with other development partners.

One of the preconditions for harmonization and rationalization is the establishment of strong national systems such as the PER, the poverty reduction strategy and sector reviews as well as sustained reforms of core programmes. Support by development partners in these reforms has been substantial. However, there is need for increased efforts in building and strengthening local capacities in the MDAs and LGAs responsible for taking the reforms forward.

6.5 PMS Communication Strategy

The government is committed to opening up and maintaining channels of communication with key stakeholders, including MDAs, private, sector civil society organizations and vulnerable groups, communities and Development Partners, with a view, to create a sense of national ownership and enlist broad participation. The PMS communication strategy will be a tool for reaching stakeholders as well as an effective feedback mechanism. It 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.

6.6 Management and organizational issues

Management and organizational needs of the NSGRP will also be addressed. The PER and NSGRP 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 mechanisms to work effectively and efficiently.

6.7 Mainstreaming cross-cutting issues

In order to adequately mainstream cross-cutting issues steps have been taken to integrate them into the NSGRP. The next step is to mainstream the cross-cutting issues into sector strategies and programmes. Sectors will revisit their sectoral development plans in light of the NSGRP and PER through sector working groups, in collaboration with the NSGRP Cross-cutting Working Group. Furthermore, local authorities will also have to revisit their plans in light of the NSGRP and mainstream cross-cutting issues into their district development plans.

6.8 Capacity development needs

Following the shift from priority-sector to outcome-based approach, implementation of the NSGRP will demand change in mindset, orientation of skills, work processes, instruments, procedures, staffing and institutional set-up to support cross-sector collaborations in order to achieve shared poverty reduction outcomes and the Millennium Development Goals. Capacity building for harmonising and achieving greater policy coherence and synergy, between the NSGRP and other processes, will be an imperative. Capacity building needs of the private sector, civil society and communities will be identified and addressed so that they can more effectively engage in the policy processes. The reform processes will continue to be a framework within which capacity issues will continue to be addressed.

6.8.1 Training requirements

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

6.8.2 Systems development

The budget process of resources allocations and monitoring systems will be designed to capture priority goals, operational targets and cluster strategies. The NSGRP articulates the cluster strategies and intervention packages, which will enable actors like MDAs, local governments, private sector, communities and CSOs, to further prioritise and sequence the actions/activities in their respective areas of operation. The Ministry of Finance has developed a software system (SBAS), which makes it possible to link the resources allocation to MDAs as per NSGRP targets. In addition, the PMS will be reviewed to enable better reporting on progress made towards achieving agreed poverty reduction outcomes and MDGs. Efforts will be made to improve the routine data and functioning of monitoring and evaluation system at all levels of local government. Focus will be on developing integrated management information systems.

6.8.3 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 key actors, including the government, will ensure TA is used properly to build national capacities with a view to improving quality of the capacities of individuals, institutions, and systems.

CHAPTER VII: MONITORING AND EVALUATION OF THE STRATEGY

7.1 Introduction

Monitoring implementation of NSGRP and evaluation of progress will be done under the Poverty Monitoring System (PMS), which was established in the year 2001 and is now operational. The PMS is guided by the over-arching principles of the NSGRP and is based on challenges and lessons learned in monitoring the PRS(P), and the fact that there are new developments associated with NSGRP.

In view of these developments, there are new demands on the PMS, which require review of both the indicators and the institutional set-up. The review of the institutional arrangements will focus on capacity building measures and mechanisms for ensuring efficiency and effective delivery of the expected outputs. This will be done in the process of developing the Poverty Monitoring Master Plan in line with the NSGRP.

The revision of the PMS/PMMP is intended to:

- Improve data collection, reporting and use; and align the indicator-monitoring programme to fit the new focus on priority outcomes including addressing cross-cutting issues. Through this programme the strategy for strengthening the routine data collection will also be finalized and implemented to ensure that data are available for monitoring and evaluation.
- Review the institutional arrangements in view of the challenges and lessons learnt in operationalization of the PMS and close any existing gaps.
- Provide mechanism for evaluation of the NSGRP strategies.
- Integrate the targets of the NSGRP and Millennium Development Goals fully into the PMS.

7.2 Status of the Poverty Monitoring System: challenges and lessons learnt

The monitoring activities of the PMS have been coordinated by four Technical Working Groups of the System: Censuses and Surveys, Routine Data Systems, Research and Analysis; and Dissemination, Sensitisation and Advocacy. During the life of the PMS the Surveys and Censuses Group was able to generate and make initial analyses of the survey data, according to its work programme. The Routine Data Group concentrated on capacity building of data collectors. Analysis and further research into areas where knowledge gaps were observed was also done according to schedule under the Research and Analysis Technical Working Group.

The combination of the collection of survey data and additional data from routine data collection systems and further research work and analyses done under the Research and Analysis Technical Working Group enabled the production of the three 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, including printing of the main documents and

distribution, production of popular versions, organisation of annual Poverty Policy Weeks, and production of 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 progress and evaluating outcomes and impact of the NSGRP. The Routine Data system Technical Working Group has not yet succeeded to pull together data from routine systems of sectoral ministries. More efforts will be directed towards strengthening the M&E system at all levels of local governments and linking it with the PMS.

General sensitisation of the different stakeholders across sectors and particularly in areas where data are collected, to make good use of the information generated, for decision-making remains one of the important success factors and challenge to the system. More innovative ways of disseminating the information generated and sensitisation of the general public will be sought through the development of a Communication Strategy for the NSGRP and Budget. The revised PMS will also, more than in the past, focus on the evaluation of the clusters of strategies.

In addition, funding for the major surveys and strengthening the capacity of the key actors in local governments to collect, analyse and use data as well as ensuring quality of data collected remain critical. Indeed, there is a need to ensure that the Poverty Monitoring System responds to NSGRP requirements and remains relevant and effective in tracking progress of implementation. Outlined below are the objectives of the PMS. The outline is designed to meet the new demands of the NSGRP. The strategy for meeting the objectives is also addressed.

7.3 Objectives of the Poverty Monitoring System

The PMS is a national system designed to meet information needs of different stakeholders including: policy makers, civil servants in the central government, local government officials, civil society organisations, research and academic institutions, external development partners, the media and the general public. The specific objectives of the system are:

- (i) To ensure timely availability of data.
- (ii) To ensure proper storage, easy access and use by different stakeholders.
- (iii) To analyse data and disseminate the findings to stakeholders.
- (iv) To promote evidence-based decision making at all levels through monitoring and an increased attention to evaluation.
- (v) To ensure that targets of global initiatives (e.g. MDGs) to which Tanzania is committed to are integrated into the system and localised.

To achieve these objectives, the PMS will:

- Focus on monitoring implementation and evaluating progress in all the three major clusters of the NSGRP outcomes i.e. growth and reduction of poverty, improved quality of life and social well-being as well as governance and accountability.
- Increase attention to monitoring at all levels, particularly making linkages between PER process and Public Service Management. Process monitoring will also take place where appropriate.
- Create more space for on-going evaluation.
- Link with the M&E system of the local governments and other systems to ensure adequate provision of more disaggregated data so as to facilitate monitoring at all levels (regional, district, ward, village and *mtaa*), while still focusing on national level monitoring.
- Expand national census and survey programme to ensure greater coverage of indicators for monitoring performance, to include agriculture and (SME) business surveys and industrial output.
- Expand the Tanzania Socio Economic Database (TSED) through additional thematic seminars to derive data for NSGRP monitoring for all sectoral groups, regions and districts.
- Strive to collect and analyse more qualitative information and increase participatory monitoring through PPAs, poverty maps and social atlas and other methodologies. It will also possess a more guided research and analysis programme to evaluate change in or progress towards the desired outcomes of the NSGRP.
- Complete integration of the MDG targets and indicators into the NSGRP indicators set and into the TSED.
- Review the pooled fund arrangement together with its manual and explore further funding opportunities for the donor community to pool its funds and consolidate input for poverty monitoring, and for government to obtain funding through general budget support.

7.4 Strategy for monitoring and evaluation

The strategy will consist of a multi-pronged approach of special institutional arrangements. It will target data collection, analysis, storage, dissemination and communication and strategic linkages with other monitoring systems. It will also work for improved funding modalities.

7.4.1 Institutional arrangements

The PMS institutional capacity will be strengthened to deliver the expected outputs and ensure sustainability of the monitoring and evaluation activities. Special measures will be taken to strengthen capacities in areas where performance is observed to be weak. These arrangements will be necessary as all sources of information, including the surveys and censuses, routine administrative data and research and analysis will be captured, analysed, disseminated and evaluated under this single system, to ensure its robustness.

7.4.2 Monitoring

Indicators: The revised list of indicators that was developed to meet the information needs of different stakeholders at the national level will continue to be used. However, the indicator set will be reviewed to meet additional information requirements necessitated by the new developments in NSGRP. Indicator setting will be done using the inter-sectoral approach that pervades the implementation of the NSGRP. MDG targets and indicators will also be addressed by the PMS to enable sustained reporting on these global indicators.

Data Collection and Storage: Emphasis will be placed on data quality and the routine administrative data systems will be strengthened and harmonised accordingly. The census and survey programme will be expanded to include other data that are currently not being collected. This is expected to include the conduct of business surveys. The development of TSED will continue as a way of providing a one-stop centre and reliable storage with easy access to the information and data.

Data Analysis: The current PMS has a strong research and analysis component and has so far conducted various studies including Participatory Poverty Assessment. This component will be retained and further mandated to expand its analytic capacities and to employ qualitative methodologies to further explore topics of critical importance to poverty reduction. The Poverty and Human Development Report, which is now being produced, will also become more focused and will target in-depth research issues such as HIV and AIDS and other areas of vulnerability.

Data Dissemination and Communications: The PMS will have a dissemination, advocacy and sensitisation strategy that is operational through a communications mechanism, designed to manage inter-sectoral linkages. It is currently important to the NSGRP and providing mechanism for receiving continuous feedback from the regions, districts, wards, villages, hamlets and *mitaa*. The strategy is intended to improve communications for advocacy of the NSGRP, MDGs and PMS, facilitate understanding of the PMS indicators and increase participation at all levels.

7.4.3 Evaluation

Evaluation will be done at three levels. First, internal evaluation will continue through the production of the Poverty and Human Development Reports (PHDR) and the PER process. Second, additional space will be created for on-going evaluation mechanisms through Participatory Poverty Assessments and other methodologies such as service delivery reports and other qualitative assessments, particularly of the reform programmes (e.g., public sector reform and local government reform). Third, a comprehensive review, informed by annual progress reports produced under national consultative processes, will take place at the end of the NSGRP period in 2010.

7.4.4 Linkages to other monitoring and evaluation systems

The monitoring strategy will pay particular attention to linkages with other monitoring and evaluation systems to ensure that the different monitoring systems at different levels inform each other. Operationally, the emphasis will be on generating relevant data to meet the information needs of different stakeholders and creating awareness of the available information for its effective use in planning and decision making. Specifically, the PMS will:

- Strengthen linkages with the Local Government M&E system.
- Enhance use of information at local authorities – district and town councils.
- Align and harmonise regional and sectoral needs for information and for greater coherence within the national monitoring system.
- Harmonise output/information from Public Expenditure Review (PER) reports with the PMS output indicators. It will be important to track targets set for indicators and feed results back for actual policy making.

7.5 Implementation mechanisms

The PMS will be implemented through:

- An institutional structure comprising Technical Working Groups, the NSGRP/PMS Technical Committee and the National Poverty Monitoring Steering Committee. The Terms of reference for these institutions will be elaborated in a revised PMMP.
- Priorities set for the (multi-year) national census and survey programme as they relate to the monitoring indicators.
- A rationalized and harmonized system of routine data collection at the national and regional 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 poverty reduction outcomes.
- Dissemination plans targeted to key stakeholders such as the national and regional government, LGAs and civil society.
- A communications strategy.
- A pooled-fund arrangement for managing the PMS activities.

7.6 Monitoring tools and deliverables

Output and deliverables of the PMS II will be:

- Annual Progress Report, using PMS output to both indicate progress and update the NSGRP, thus making the NSGRP a living document.

- Bi-annual Poverty and Human Development Reports – utilizing data from the PMS and also from its commissioned research and evaluations. It will also focus on in-depth analysis of critical issues such as HIV and AIDs.
- Analytical reports on surveys and censuses.
- A rolled out TSED to all sectors and to regions and districts and updating relevant indicators and the metadata.
- MDG Reports (2001 and 2005).
- A communications strategy with an interactive element to facilitate ongoing feedback from stakeholders.

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

CHAPTER VIII: NSGRP FINANCING STRATEGY

8.1 Introduction

This chapter assesses the financing implications of reaching NSGRP targets. It revisits key features of PRS (P) financing framework and related challenges; and then presents the financing framework for the NSGRP, methodology for estimating financing requirements and the financing strategy. Mobilisation of resources will place emphasis on domestic sources, particularly the contribution of the private sector and community-based initiatives as well as government and foreign assistance, with a long-term objective of reducing aid dependence. Implications of the financing framework in terms of macroeconomic stability and management as well as the risks associated with external shocks and natural calamities are also highlighted.

8.2 Review of PRS (P) financing framework

The approach followed to derive financing estimates of PRS (P) was to estimate the government's budgetary requirements of priority sectors and priority activities within them. The priority sectors were Education, Health, Water, Agriculture, Roads and Judiciary, plus HIV/AIDS as a cross-cutting issue. Lands sector was added later to the priority sector list, while the Judiciary was broadened 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 programmes 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 (P) presented a number of challenges:

- (ii) The information available was often insufficient to determine the unit cost, especially in the social sectors where inputs and outputs are hard to measure.
- (iii) Weak link between policies, actual costs and resource allocations – mainly because costs of most policies were unknown. They also complicated the estimation process.
- (iv) The financial implications of poverty-reducing interventions within “non-priority sectors” were not explicitly considered in PRS (P). As such, the financing plan was not comprehensive.
- (v) The interdependent nature of the PRS (P) goals and institutional arrangements that guided resource allocation (through the MDAs) made financing delineated by sector less meaningful.

The financing strategy under PRS (P) 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.

8.3 NSGRP financing framework

8.3.1 Basic considerations

- The estimation of NSGRP financing builds on the PRS (P) approach, while trying to address some of the weaknesses noted above, but focusing more on costs of attaining specific outcomes.
- Recognises that some of the targets/outcomes are multi-sectoral or interdependent thus requiring clear identification of cross-sectoral interventions and therefore financing needs.
- Under NSGRP, 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. The government will continue to urge donors and other stakeholders to direct their support to poverty-reducing interventions.
- In view of the fact that implementation of NSGRP interventions is not limited to Government, it includes the private sector, CSOs/NGOs and communities. Thus establishing the total financing requirements for implementing the NSGRP requires going beyond MDA requirements. Other sources of financing will involve contributions from the private sector and CSOs (mainly in service provision), communities, and households. In order to estimate overall required resources by all actors the needs-based methodology will be used. However, this costing exercise will require more time than the MDAs, NSGRP-BAS.
- NSGRP financing requirements are estimated under the assumption that the economy will grow by 6-8 percent annually over the medium term and maintained at same level for the remainder of the NSGRP period. This is important for domestic mobilization targets to be realized. Other basic assumptions underlying these projections are:-
 - reduction of consumer price inflation to 4.0 percent by end-June 2005 and thereafter maintain it at 4.0 percent or below, consistent with major trading partners;
 - controlling the expansion of broad money supply (M_2) consistent with GDP growth and inflation targets; and,
 - maintaining foreign reserves above a value equivalent to 6 months of imports of goods and services.

Finally, it is assumed that the sustained macroeconomic stability will increase resilience of the economy to external shocks and natural calamities.

- GFS classification is used to link the budget and poverty-reducing interventions identified under each cluster strategy and targets.

8.3.2 Estimation of financing requirements

Methodology: There are various approaches to costing PRS(P) financing requirements such as the Millennium Project Approach, the World Bank MAMs, and others. The choice of the methodology used to estimate NSGRP requirements was dictated by:

- Government decision to move from priority sector-based to outcome-based NSGRP;
- Need to make an explicit link between NSGRP strategies and the budget;
- Limited time between finalisation of NSGRP and preparation of the 2005/06 budget, which will begin implementing the NSGRP;
- Wide variation in available data/information needed to apply the various methodologies (some sectors had PER reports, well-costed MTEFs, strategic plans while others did not);
- Consideration that NSGRP is a rolling document to be revised by learning from implementation;

The methodology for preliminary costing of the NSGRP involved the following main steps:

- (i) Regrouping of all NSGRP cluster strategies by Vote and identification of those that have expenditure implications.
- (ii) Each MDA matched its MTEF targets and strategic objectives drawn from strategic plan with NSGRP cluster strategies, making sure that NSGRP cluster strategies are also consistent with performance codes (GFS) provided by the Ministry of Finance.
- (iii) MDAs use their existing MTEFs to identify activities and related input costs needed to meet a particular target consistent with NSGRP cluster strategies.
- (iv) Each MDA estimated its total resource requirements (unconstrained) using a Microsoft Access software system called Strategic Budget Allocation System (SBAS) based on inputs from step (iii). Requirements for other MTEF targets (Other-NSGRP targets) and other strategic objectives were estimated in a similar manner.
- (v) Estimation of resource requirements for LGAs and regions was done based on historical ratios between allocations/transfers to them and total resource availability.
- (vi) Overall the Budget Guidelines Committee using the macro version of SBAS aggregated resource requirements.
- (vii) Development of a financing strategy – distinguishing between sources, funding and emerging gap.

8.4. NSGRP financing strategy

Like PRS (P) the financing strategy for NSGRP assumes that the public sector will play a critical role in the implementation of the strategy to invigorate the participation of the private sector – the engine of growth. However, attempts to quantify the contribution and financing requirements of other actors (private sector, NGOs, and communities) require more time and data.

Overall projected resources for the implementation of NSGRP -related interventions and other government commitments is based on the Medium Term Plan and Budget Framework for 2005/06 – 2007/08 (Table 8.1) while ensuring consistency with macroeconomic targets.

Table 8.1: Budget Frame (2004/05 – 2007/08)

	Tsh. Million			
	2004/05	2005/06	2006/07	2007/08
	Budget	Ceilings	Projections	Projections
I. TOTAL RESOURCES	3,347,539	4,103,144	4,355,669	4,561,157
Domestic revenue	1,739,288	1,983,125	2,261,168	2,580,582
Programme loan and grants	434,476	822,358	834,392	846,603
Project loans and grants	587,441	788,135	819,840	831,837
Basket Support Loans	109,956	73,281	66,801	2,799
Basket Support Grants	160,488	199,305	197,024	164,680
HIPC relief IDA, IMF and ADB	74,664	111,503	98,669	103,454
Non Bank Borrowing	0	0	0	0
Bank Borrowing	231,111	115,018	77,774	31,201
Adjustment to cash	0	0	0	0
Privatisation Funds	10,115	10,420	0	0
II. TOTAL EXPENDITURE	3,347,539	4,103,144	4,355,669	4,561,157
RECURRENT EXPENDITURE	2,255,948	2,744,955	2,932,829	3,174,753
CFS	481,175	556,358	564,805	605,760
Debt service	317,825	298,377	309,048	329,780
Interest	168,438	165,017	177,261	184,006
Amortization	149,387	133,360	131,787	145,774
Others	163,350	257,981	255,757	275,980
Recurrent Exp.(excl. CFS)	1,774,773	2,188,597	2,368,024	2,568,993
o/w Salaries & wages	551,159	681,897	759,344	845,980
Other Charges	1,193,248	1,358,415	1,565,291	1,667,141
Designated Items	30,366	148,285	43,390	55,872
Expenditure Float				
Payment of Arrears	0	0		
Contingency	0	0		
DEVELOPMENT EXPENDITURE	1,091,591	1,358,189	1,422,840	1,386,404
Local	233,705	297,469	339,175	387,087
Foreign	857,886	1,060,721	1,083,665	999,317

Source: Ministry of Finance

Public financing of NSGRP interventions are projected to increase by 3 percent of GDP annually to cater for increases in expected expenditures, taking into account a gradual increase in domestic revenue mobilization and donor support at 2 percent of GDP annually. The Government will strive to aggressively accelerate domestic revenue mobilization (through further tax reforms, improvement in tax administration and collection and clamp down on tax evasion) without unduly distorting economic activities.

Domestic revenue is projected to increase from about 13.8 percent of GDP in 2004/05 rising gradually to 14.6 percent in 2007/08. Thereafter domestic revenue is projected to increase to 15.5 percent by the end of 2008/09. Estimated donor contributions are based on historical trends and will be updated as donor pledges and commitments are submitted to the Government through the PER process. Total external support including HIPC relief is projected to decline from 14 percent of GDP in 2004/05 to 11 percent in 2007/08 in line with indicative figures of donor support.

On more optimistic view, it is expected that development partners will honour their promises, made in Monterrey and other meetings, to scale up levels of resource disbursement, particularly in outer years of the implementation of the NSGRP - a vehicle for achieving MDGs.

Unresolved challenges related to estimation of financing requirements for implementing NSGRP:

- Treatment of donor funds (how can these be aligned with government priorities)
- Alignment of money going through basket funds with “new” outcome-based (non-sectoral) priority interventions
- How to synchronize formula-based grant allocation to LGAs (which is sectoral) with outcome-based interventions approach.
- Quantification of the magnitude and direction of contributions by private sector, communities, and other stakeholders.

8.5 Risks related to NSGRP Financing Framework

The Tanzania economy remains vulnerable to high aid dependency to the extent that a substantial amount of its budget will continue to depend on donor support over the immediate future. As such it will be necessary to guard against adverse effects on competitiveness, Dutch disease effects, debt sustainability and the Government’s fiscal position by ensuring more effective use of development assistance and focusing on strengthening of institutions to enhance the absorptive capacity.

Overall macroeconomic stability and financing of the first year of NSGRP could potentially be affected by strategic government expenditure needs such as the forthcoming general election. However, Government commitment to enforce expenditure discipline and adherence to monetary policy targets will be maintained through continued implementation of key reforms (PFMRP, LSRP, LGRP, PSRP, etc).

Adverse developments in the global economy and unforeseen natural calamities could thwart the financing of NSGRP depending on the ability of the economy to adjust or hedge against such events.

The financing gap is large and is unlikely to be fully filled by the projected resources. This is also compounded by unpredictability of development assistance (evidenced by wide divergence between donor pledges/commitments and disbursements) and low revenue base given the current structure of the economy dominated by subsistence and informal activities. In addition to the desire to reduce aid dependency over the medium term the Government will also strive to maintain fiscal prudence.

