

**POVERTY REDUCTION STRATEGY IN AFRICA:  
A NEW IMPOSED CONDITIONALITY OR A CHANCE FOR A NEW AND  
MEANINGFUL DEVELOPMENT POLICY**

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## ***Abstract***

Poverty Reduction Strategy Paper (PRSP), is of the new approaches agreed upon by Governments and The World Bank/IMF aimed at tackling poverty. PRSPs have been arrived at after long consultations among various stakeholders including parliamentarians and civil society organisations within the country and outside the country.

The definition of poverty is complex, multi-dimensional, wide scoped and dynamic. However, poverty is broadly defined as a state of deprivation, denial of decent life, which includes exclusion, isolation, and vulnerability. Other dimensions of poverty are income poverty and food poverty. Otherwise, poverty at its broadest level can be defined as a state of deprivation prohibitive of decent human life. This is caused by lack of resources and capacities to acquire basic human needs as seen in many, but often mutually reinforcing parameters. These include malnutrition, ignorance, prevalence of diseases, squalid surroundings, high infant, child and maternal mortality, low life expectancy, low per capita income, poor quality housing, inadequate clothing, low technological utilisation, environmental degradation, unemployment, rural urban migration and poor communication.

The Government of Tanzania took steps aimed at reducing poverty immediately after poverty was identified as one of the three major enemies for our country. The other two enemies identified during that time were diseases and ignorance. However, of late some other problems have mushroomed, these are, namely: environmental degradation; rural-urban migration; over crowding in urban areas; high population growth that is not commensurate to economic growth; HIV/AIDS; gender inequality; income inequalities; etc.; Just after independence, the Government put in place some public policies and measures to fight those three enemies. Education programmes were put in place to fight ignorance, both primary and adult education got highest priority. Secondary and tertiary education was also given a deserving attention. Health programmes were put in place to fight diseases. Basic health care, Mother and Child Health programmes, nutritional programmes were all promoted and strengthened for purposes of child survival, growth and development; child and maternal protection; disease prevention and cure.

Poverty Reduction Strategy Paper in Africa and the rest of the developing world in general and Tanzania in particular is a new medium term funding mechanism for funding priority areas and sectors that have highest impact on poverty reduction. Selection of these priority sectors and their funding is as agreed upon by the respective Government Cabinets, Civil Society, Parliaments, Representatives of ordinary citizens, The World Bank and IMF Boards.

Tanzania was the third country in Africa and fourth in the World to have qualified for the Highly Indebted Poor Countries Initiatives famously known as HIPC. This huge achievement is attributable due to great political will, active participation of government, civil society, as well as having met the conditionalities for reaching the decision point and completion point respectively. At this point, it is worth noting that PRSP is a medium-term strategy of poverty reduction, developed through

broad consultation with national and international stakeholders, in the context of the enhanced Highly Indebted Poor Countries (HIPC) Initiatives

As such, PRSP is an integral part of the HIPC process, focusing mainly on poverty alleviation, subject to a relatively hard (Central Government) budget constraint, starting in Financial Year 2000/01. Nevertheless, the PRSP encompasses poverty-oriented extra-budgetary activities, and various non-financial considerations that have an important bearing on poverty reduction. The preparation of PRSP entailed broad consultation among stakeholders—a factor that has contributed to underlying consistency in the country's development policy objectives, including the strategy for poverty alleviation. First, substantial efforts toward poverty reduction by international partners are still being implemented outside the framework of the Central Government budget. To ensure maximum progress toward poverty reduction and improved predictability of budgets, these efforts would need to be rationalised and realigned progressively, to reflect the PRSP priorities. Second, a large amount of international resources is being channelled through specific donor driven projects, sometimes entailing duplication. An effective struggle against poverty will require continued efforts to channel these resources in the context of sector wide development strategies. Third, a key step in the area of public sector reform, notably the Medium—Term Expenditure Framework (MTEF) exercise for FY 2000/2001 (July – June), preceded the formulation of the PRSP. The priority objectives of the latter will, therefore, need to be reflected more fully in the MTEF for 2001/2002 and the subsequent years. Finally, major reforms in key areas, especially Local Government, Education, and Agriculture, were still being formulated by then. Implications of these sectoral reforms to poverty reduction and resource requirements could not be assessed accurately by then. Since PRS is a living document, the Government will therefore, continue to review and adjust the poverty reduction strategy, in order to reflect the ramification of these reforms.

As noted earlier, PRSP was formulated through a process of consultation mainly through Committee of Ministers, Inter-ministerial Technical Committee, Researchers, Editors; the Zonal workshops that picked views of 'grassroots' stakeholders. Others were, a workshop for Members of Parliament who established reactions to the findings of the Zonal workshops, also it saved the role of seeking their views. The Regional Administrative Secretaries had also their say in a workshop that was targeted for them. The Cabinet approved the final PRSP in September 2000. There were also joint consultation with international partners that took place through consultative meetings and a national workshop.

So as such, participation in Tanzania has taken many forms including Information sharing; Consultation; Joint decision-making; and empowerment. The civil society have been participating at various levels. In the Tanzanian case, the civil society was involved during the PRSP formulation stage where they were actively involved in the Zonal workshops. They also accessed draft reports as the process was going on. As regards to consultations, frequent and meaningful consultations were held between the Government and the civil society. The Government as actually levelled the ground very well for the civil society to participate in the PRS process. Of recent, Tanzania has started up the Participatory Poverty Assessments and opened up Development Debates and other

Public fora that are focused upon poverty and most of them revolve around PRSP. As regards to joint decision-making, of late we are moving towards that, especially through parliamentary sessions and committees where Members of Parliament do participate through asking questions to the Government to seek clarity and eventually reach a consensus. As far as Empowerment-initiation and control by stakeholders is concerned; there has been some efforts like the Gender Advocacy Group that have managed to convince the Government to adopt gender sensitive budgeting. Also, within PRSP, there are NGOs coalition that is involved in poverty monitoring. Once again, this is still a quite new approach that we do hope it will catch up with time and possibly help to influence change.

Some of the views that came out of the various stakeholders at the national workshop that was held to review the draft of the PRSP, participants (including international partners) concurred that the outlined strategy to reduce poverty in Tanzania constituted an appropriate response to the concerns and views of the poor, as evidenced at the zonal workshops. The participants at this workshop also made complementary observations concerning the need to (i) address the problem of unemployment among youths and in the urban areas; (ii) arrest environmental degradation; (iii) stop the use of child labour; (iv) increase financial support (including through extra debt cancellation and other forms of international support) for programs aimed at reducing poverty; (v) develop rural financial mechanism that meet the needs of the “small” farmer; (vi) develop “micro”, small and medium enterprises; (vii) inculcate a sense of self-reliance; (viii) intensify efforts aimed at developing an enabling environment for the private sector; and (ix) facilitate the use of relevant research findings.

In pursuit of the above poverty reduction objectives, supporting measures will be needed in four strategic areas. First, the Government will continue to maintain sound macro-economic policies and intensify the implementation of reforms aimed at bolstering market efficiency, notably in agriculture and raising factor productivity. Second, while the budgetary expenditure will continue to be restrained because of macro-economic considerations, special efforts will be made to channel the limited Government resources toward the support of key programs and social services under the poverty reduction strategy. Third, the Government will put increased emphasis on reforms aimed at promoting export-oriented expansion and diversification of the “pro-poor” sectors with a view to enabling the poor to share increasingly in the benefits of globalization. Fourth, efforts will be made to raise steadily investment as a percent of GDP from 15 percent to approximately 17 percent, including through initiatives focusing on bolstering private investment in the cultivation of traditional and new crops, small and medium sized enterprises and informal sector activities.

Since the mid-1990s, significant progress has been made toward restoring macro-economic stability. In particular, inflation has been reduced to a single digit level, and fiscal imbalances are now in a prudent range. As part of the poverty reduction strategy, the Government will continue to consolidate the substantial progress that has been achieved in the macroeconomic area. In addition to the above noted objective of accelerating GDP growth to 6 percent, other macroeconomic objectives include (i) sustained efforts to maintain domestic inflation at approximately 4 percent annually (broadly in line with anticipated inflation in Tanzania’s main trading partners, Table 1);

(ii) ensuring that the exchange rate for the Tanzania shilling will continue to be market determined; and (iii) maintaining gross official international reserves at the equivalent of approximately 4 months of imports of goods and non-factor services.

There is a National Poverty Monitoring Steering Committee (NPMSC) which includes representatives from all the relevant stakeholder groups. The Vice President's Office (VPO) plays a secretariat role to this committee. Since, poverty evaluation involves stopping now and again to review progress and decide whether or not the plan needs to be changed. Provisions is granted for participation at the implementation of the PRSP stakeholders in poverty monitoring and evaluation through participatory monitoring. Poverty monitoring and evaluation will include not only central and local government officials but also research institutions and university departments, development partners, civil society organizations and ordinary people. Ordinary people are expected to play an active role in measuring what actually happens about reducing poverty at the grassroots level.

As far as my objective assessment of PRSP is concerned, in respect of whether it is not just another new conditionality demanded by the World Bank and the IMF on indebted countries essentially intended to enhance their capacity to pay back their debt as opposed to outright debt cancellation, the answer to this question can either be yes or no. The criteria for reaching a decision should be based on the following principles:

- Is PRSP African or HIPC developed;
- Is PRSP African managed;
- Is PRSP African owned;
- Does the mutual partnership between African and other HIPC with the World Bank/IMF with mutual commitments; with obligations; with interest; with contributions and benefits;
- Does African and HIPC states undertaking certain commitments and obligations in its own interest which are not externally imposed conditionalities;
- Is PRSP a precious opportunity for development.

The performance of PRSP if done well is supposed to reduce poverty through the set targets. It will be a YES answer only if it will increase capacities of Governments to address and tackle issues of poverty; if it is well managed. Also, if it will be African and the rest of Poor Countries owned; if it is associated with mutual commitments; if it is associated with obligations; interest; contributions and benefits. Outright debt cancellation as it happened during the Marshal Plan in Western European Countries after the Second World War could have been much better rather than the current debt re-scheduling as it was proposed in the PRSP and HIPC initiatives. It would have been much better to have all debts cancelled so that we start afresh altogether just as it happened in Europe after the Second World War under the Marshall Plan. PRSP can be a chance for a new and meaningful development policy if: well funded; owned and managed by home governments; priority sectors/areas well managed; Donors/development partners meet their obligation timely. The

civil society participates in implementation, monitoring and evaluation; Communities' ownership of program increases and their priorities are taken on board. However, PRSPs could be a new imposed conditionality if: policies are dictated from World Bank and IMF; Government under-fund priority sectors/areas earmarked in PRSP; Donors don't meet their funding obligations; and Country ownership of programs is low.

Priority for Government action on public expenditure is based on the guidelines set out in the Medium Term Expenditure (MTEF) and the Public Expenditure Review (PER) exercises. These two exercises put a lot of resources to the priority sectors. They also provide for more civil service reform and improvements in the public sector so that it becomes more accountable for serving the needs of the poor. The five year expenditure on the priority sectors indicates that education sector was spending 162 Tshs. Billion in 1990/00 but it will be spending up to 487 Tshs. Billion in 2003/04. Basic education in particular will rise from 97 to 224; health sector from 57 to 225; primary health from 29 to 111; water from 8 to 54; agriculture from 14 to 30 in 2001/02; agricultural research & extension from 5 to 8 in 2001/02; roads from 51 to 287 in 2003/04; rural roads from 16 to 76 in 2003/04; legal system from 8 in 2000/01 to 81 billion in 2003/04; while HIV/AIDs will be up from 0 to 9.0 billion in 2003/04.

Projections to some of the selected Economic and Financial indicators, 1998 –2002, indicates that by the end of 2002 Real GDP will be 6.0 %; Real GDP per capita 3.1%; Consumer Price Index annual average 4.0%; Domestic revenue 12.0 %; Expenditure 16.8%; Gross Domestic Savings 6.6%; Investment 17%.

Tanzania's PRSP has earmarked 7 sectors as priority area for Poverty Reduction these are: These key sectors are Education (Basic Education); Health (Primary Health); Water; Roads (Rural Roads); Agriculture (Research and Extension) and Good Governance (Judiciary) and HIV/AIDS.

However, in order to fight poverty effectively, we need to observe the following:

- Observing Participatory Poverty Assessment whereby civil society and the poor are taken on board as far as poverty monitoring and evaluation is concerned;
- Improving ownership; management; commitment; contributions and interest for PRSP among all stakeholders including the civil society and the legislator;
- Improving and enforcing a system of accountability at all levels of government;
- Ensuring Public policies are pro-poor so as to meaningfully reduce mass poverty;
- Making Public policies focused on poverty reducing impact areas such as basic education, primary health care, rural roads, agriculture, etc;
- Strengthening public institutions responsible for public accountability and transparency including implementing the National Anti-Corruption Strategy;
- Strengthening the media to ensure public awareness of government activities; and

- Enacting and enforcing legislation to support implementation of poverty eradication programs.

According to the National Poverty Eradication Strategy (NPES), Tanzania aims at reducing the current levels of poverty by 50% by the year 2010 and to eradicate absolute poverty, which stands at 36% at the moment to 0% by the year 2025. The Government through NPES and PRSP has earmarked some sectors as the priority sectors for poverty eradication and investing in these sectors will have high impact on poverty eradication. Poverty has many faces and indeed many roots. Attacking it from all fronts can reduce poverty.

Given the multidimensional nature of poverty it is clear that all routes taken for poverty reduction matters. This includes poverty eradication initiatives and the role of civil society in poverty program formulation, design, implementation, monitoring and evaluation to mention but a few areas.



## **1. Introduction**

Poverty Reduction Strategy paper in Tanzania and other developing countries of Africa and the rest of the world is a new medium-term funding mechanism for funding priority areas of poverty reduction agreed upon by respective Government Cabinets, civil society, Parliaments, the World bank and IMF Boards.

Tanzania was the third country in Africa and fourth in the world to have qualified for the Highly Indebted Poor Countries initiatives, famously known as HIPC. This achievement is attributed to great political will, active government participation, active civil society participation, and having met the conditionalities for reaching the decision point and completion point respectively. At this point, it is worth to note that PRSP is a medium-term strategy of poverty reduction, developed through broad consultation with national and international stakeholders, in the context of the enhanced Highly Indebted Poor Countries (HIPC) initiative. As such, PRSP is an integral part of the HIPC process, focusing mainly on poverty alleviation, subject to a relatively hard (central government) budget constraint, starting in financial year 2000/2001. Nevertheless, the PRSP encompasses poverty-oriented extra-budgetary activities, and various non-financial considerations that have an important bearing on poverty reduction.

The preparation of PRSP entailed broad consultation among the stakeholders—a factor that has contributed to underlying consistency in the country’s development policy objectives, including the strategy for poverty alleviation. *First*, substantial efforts toward poverty reduction by international partners are still being implemented outside the framework of the central Government budget. To ensure maximum progress toward poverty reduction and improved predictability of budgets, these efforts would need to be rationalized and realigned progressively, to reflect the PRSP priorities. *Second*, a large amount of international resources is being channelled through specific donor-driver projects, sometimes entailing duplication. An effective struggle against poverty will require continued efforts to channel these resources in the context of sector wide development strategies. *Third*, a key step in the area of public sector reform, notably the Medium-Term Expenditure Framework (MTEF) exercise for financial year 2000/2001 (July – June) preceded the formulation of the PRSP. The priority objectives of the latter will, therefore, need to be reflected more fully in the MTEF for 2001/2002 and the subsequent years. Finally, major reforms in key areas, especially Local Government, education and agriculture, were still being formulated by then. Implications of these sectoral reforms to poverty reduction and resource requirements could not be assessed accurately by then. Since Poverty Reduction Strategy is a living document, the Government will, therefore, continue to review and adjust the poverty reduction strategy in order to reflect the ramification of these reforms.

As noted earlier, PRSP was formulated through a process of consultation mainly through Committee of Ministers, Inter-Ministerial Technical Committee, researchers, editors; the zonal workshops that picked views of “grassroots” stakeholders; Members of Parliament which established reactions to the findings of the zonal workshops—also it saved the role of seeking their views. The Regional Administrative Secretaries while the Cabinet approved had their say in final

PRSP in September 2000. Also joint consultations with international partners took place through consultative meetings with donors and through the national workshop.

Projections to some of the selected economic and financial indicators, 1998-2002, indicates that by end of 2002 real GDP will be 6.0%, real GDP per capita 3.1%, consumer price index annual average 4.0%, domestic revenue 12.0%, expenditure 16.8%, Gross domestic savings 6.6%, investment 17%. Tanzania PRSP has earmarked 7 sectors as priority areas for poverty reduction, these are: education (basic education), health (primary health care), water, agriculture (research and extension), rural roads, good governance, and HIV/AIDs. Studies indicate that poverty is more widespread and deep in rural areas than in urban areas. Basic needs rural poverty incidence is estimated at 57 percent. Tentative estimates for year 2000 suggest that the incidence of poverty in the rural areas may have increased. According to the 1991/92 HBS, the poverty incidence for households whose heads work in own farms is 57 percent. Studies also indicate that urban poverty is also widespread and increasing. The basic needs poverty for Dar es Salaam was 5.6 percent and 41 percent according to the 1991/92 HBS. The Government intends to continue to seek fuller representation of the poor and other stakeholders in the implementation, monitoring and evaluation of the poverty reduction strategy, and in subsequent revisions of the PRSP.

The youth, the old and large households are more likely to be poor. The 1993 HRDS data indicates that households of 6-10 people are nearly twice as likely to be poor than households of 1-5 people. Although female-headed households are not necessarily poorer than male-headed households, women are generally perceived to be poorer than men.

The more recent deterioration in the poverty situation is probably attributable to worsening income inequality, and relatively low rate of economic growth, particularly in the rural areas. Regarding non-income poverty, this was analyzed to include education, survival, nutrition, water, social well-being and vulnerability.

Broad based primary school education plays a major role in strengthening human capabilities and reducing poverty. Tanzania's literacy rate was estimated at 84 percent in 1997, with the rate for women being somewhat lower than that for men. Primary school gross enrolment rate is currently estimated at 78%, reflecting approximately equal rates for boys and girls (79 percent and 77 percent respectively). The overall net enrolment rate is, however, much lower (57%) illiteracy among the poor increased.

High mortality rates (especially among infants and under-five children) and corresponding low life expectancy is an important dimension of poverty. In 1999, infant mortality was estimated at 99 per 1000 live births, and under-five mortality was 158 per 1,000 live births. Maternal mortality rate is still high, estimated at 529 per 100,000 live births. Recent estimates put the average life expectancy at birth at 48 years of age, compared to 52 years in 1990 and 45.3 years in 1970, the more recent decline being largely attributable to the impact of HIV/AIDs and other communicable diseases.

Official international reserves at the equivalent of approximately 4 months of imports of goods and non-factor services.

#### Rural sector development and export growth

- Support and develop the rural sector

#### Private Sector Development

- Strengthen the economic infrastructure through privatization of utilities and transport services within regulatory frameworks.
- A national strategy for primary school education to be in place.
- A national agricultural sector development strategy prepared.
- A Rural Development Strategy: involving promoting widely shared growth, prevention of HIV/AIDs, and promoting good governance.
- Complete Local Government Reform process with development of district-specific poverty reduction plans by the end of financial year 2002/2003.
- Support income-generating activities amongst poor people in rural and urban areas by developing a micro-finance policy and promoting savings and credit scheme.

## **2. Objectives to be met by PRSP**

With PRSP, the Government intends to achieve the following specific objectives during the three-year period ending 2003:

- Raise gross primary school enrolment to 85 percent;
- Increase the transition rate from primary to secondary school from 15 percent to 21 percent, and reduce the dropout rate in primary school from 6.6 percent to 3.0 percent.
- Raise net primary school enrolment from 57 percent to 70 percent.
- Increase the transition rate from 20 percent to 50 percent.
- Expand adult education programmes.
- Lower infant mortality rate from 99 per 1000 to 85 per 1000 by 2003.
- Reduce under-five mortality from 158 to 127 per 1000 by 2003.
- Lower maternal mortality from 529 per 100,000 to 450 per 100,000 by 2003.
- Reduce malaria-related fatality for under-five children from 12.8 percent to 10 percent by 2003.
- Raise the proportion of the rural population that has access to safe and clean water from 48.5 percent in 2000 to 55 percent in 2003.

- Raising the percentage of immunized children against measles and DPT under 2 years, from 71 percent in 2000 to 85 percent in 2003.
- Raise the share of districts with active HIV/AIDs awareness campaigns to 75 percent by 2003.
- Increase, over the same period, the coverage of births by trained personnel from 50 percent to 80 percent.
- Speed up court decisions and raising of the ratio of decided to filed cases from 63 percent to 80 percent by end-2003.
- Reduce the average time taken to settle commercial disputes to 18 months by the end of 2003.
- Raise the ratio of actual Court of Appeal sessions to planned sessions from the current 50 percent to 100 percent by end-2003.
- Carry out diagnostic surveys of corruption in the Judiciary; Attorney General's Office; Revenue Authority; Ministries of Works; Education; Health; and Home Affairs.

Issues of gender were not well articulated in PRS 2000. However, since PRS is a living document, gender issues have been taken on board in the PRS Progress Report 2001. The aim is to reduce income and non-income poverty among women and to strengthen their position in the country's development. This includes improving women's

- Legal rights
- Economic empowerment in poverty eradication
- Political empowerment in decision making
- Access to education, training and employment

## **2.1 Progress to-date:**

- The National Policy on Women and Gender Development (NPWGD) was development.
- The ministry of Finance institutionalized gender budgeting.
- The number of women in legislative assemblies at national level reached 20 percent and at local level reached 33 percent.

## **2.2 Planned Actions:**

- To review all new national policies and strategies from gender perspective before they are approved and implemented.
- To prepare an action plan to operationalize the National Policy on Women and Gender Development (NPWGD).

Malnutrition among children is a good indicator of poverty levels or social well-being. Available statistics reveal that there is a considerable degree of chronic malnutrition in Tanzania. In 1996, 43

percent of children under five were found to be stunted (low height for age) and 18 percent were severely stunted. 7 percent of children under five were classified as wasted, and 1.0 percent were severely wasted. A combined measure of chronic and acute malnutrition is weight for age. More than 30 percent of the children under five are under weight for their age. It is worth noting that malnutrition increases with poverty. Supply of clean, safe and adequate water has relationship with poverty. Outbreaks of cholera and waterborne diseases affect mostly low-income neighbourhoods with households that have no access to piped water. 68% of urban dwellers have some kind of access to piped water while in rural areas only 45 percent have coverage.

The right to security, justice, peaceful life and freedom are important aspects of survival. In general, Tanzania has enjoyed peace, stability and unity since independence. Recently, the effectiveness of the instruments of law and order, and the judiciary appears to have eroded. The Warioba Report cites the police and judiciary as highly corrupt institutions.

The poor are highly susceptible to various vagaries of nature. A major concern of the poor is their vulnerability to unpredictable events. Tanzania had in fact experienced a series of adverse weather conditions, in terms of either floods or drought, which undermined food security. Another threat is the increasing impact of HIV/AIDs on the number of orphans, estimated at 680,000 in 2000. Many communities have to deal with the growing numbers of AIDs victims and orphans, the handicapped, the very old, and refugees. There is, therefore, a growing need for safety nets. The apparent breakdown of traditional systems that used to take care of vulnerable groups and the escalating number of dependent persons have increased the need for safety-net programmes.

### **3. PRSP Targets:**

- Reducing the proportion of the population below the basic poverty line from 48 percent in 2000 to 42 percent in 2003 (compared to a longer-term target under the NPES of 24 percent by 2010).
- Reducing the proportion of the rural population below the basic poverty line from 57 percent to 49.5 percent (29 percent in 2010).
- Reducing the proportion of the food poor from 27 percent to 23.5 percent (14 percent in 2010).

### **4. Pro-poor growth/macro-economic policy:**

In pursuit of the above poverty reduction objectives, supporting measures will be needed in four strategic areas. First, the Government will continue to maintain sound macro-economic policies and intensify the implementation of reforms aimed at bolstering market efficiency, notably in agriculture and raising factor productivity. Second, while the budgetary expenditure will continue to be restrained because of macro-economic considerations, special efforts will be made to channel the limited Government resources toward the support of key programs and social services under the poverty reduction strategy. Third, the Government will put increased emphasis on reforms aimed at

promoting export-oriented expansion and diversification of the “pro-poor” sectors with a view to enabling the poor to share increasingly in the benefits of globalization. Fourth, efforts will be made to raise steadily investment as a percent of GDP from 15 percent to approximately 17 percent, including through initiatives focusing on bolstering private investment in the cultivation of traditional and new crops, small and medium sized enterprises and informal sector activities.

## **5. Sustaining macro-economic stability:**

Since the mid-1990s, significant progress has been made toward restoring macro-economic stability. In particular, inflation has been reduced to a single digit level, and fiscal imbalances are now in a prudent range. As part of the poverty reduction strategy, the Government will continue to consolidate the substantial progress that has been achieved in the macroeconomic area. In addition to the above noted objective of accelerating GDP growth to 6 percent, other macroeconomic objectives include (i) sustained efforts to maintain domestic inflation at approximately 4 percent annually (broadly in line with anticipated inflation in Tanzania’s main trading partners, Table 1); (ii) ensuring that the exchange rate for the Tanzania shilling will continue to be market determined; and (iii) maintaining gross.

- To establish gender coordinating mechanisms in all ministries and public institutions.
- To develop gender monitoring tools and techniques.
- To ensure that the Poverty Monitoring Action Plan has a focus on gender.
- To popularize the Sexual Offences Act.
- To popularize the Land and Village Land Acts.
- To change the Marriage Act of 1971, the law on inheritance and succession, and the laws on maintenance of children.

Environment just like gender was not given the necessary attention in PRS 2000. Regarding sustainable development, with particular focus on environment, six main areas of concern about environment are as shown below:

- Land degradation
- Lack of accessible, good quality water for urban and rural people.
- Environmental pollution
- Loss of wildlife habitats and biodiversity
- Deterioration of aquatic systems
- Deforestation

### **5.1 Progress to-date**

- Indicators to monitor environmental conditions at district and national levels have been identified.

- The Local Government Reform Programme (LGRP) has developed guidance material on environmental issues.

## **5.2 Planned Actions**

- To review the legal framework for environmental management.
- To promote cost effective adaptation policies.
- To include environmental experts in the technical working groups for the poverty monitoring.
- To analyze existing information to find links between poverty and environmental issues.
- To include an environmental section in the Tanzania Social and Economic Data Systems.

## **6. Poverty Monitoring**

There is a National Poverty Monitoring Steering Committee (NPMSC) which includes representatives from all the relevant stakeholder groups. The Vice President's Office (VPO) plays a secretariat role to this committee. Monitoring of poverty involves measuring as you go along to make sure that you are following the plan.

Poverty evaluation involves stopping now and again to review progress and decide whether or not the plan needs to be changed.

Provisions for participation at the implementation of the PRSP stakeholders in poverty monitoring and evaluation:

Poverty monitoring and evaluation will include not only central and local government officials but also research institutions and university departments, development partners, civil society organizations and ordinary people. Ordinary people are expected to play an active role in measuring what actually happens about reducing poverty at the grassroots level.

My objective assessment of PRSP in respect of whether it is not just another new conditionality demanded by the World Bank and the IMF on indebted countries essentially intended to enhance their capacity to pay back their debt as opposed to outright debt cancellation.

The performance of PRSP if done well is supposed to reduce poverty through the set targets. The answer to this question is both YES and NO. It is YES in the sense that it will increase capacities of Governments to address and tackle issues of poverty.

Outright debt cancellation would have been much better rather than the current debt re-scheduling as it was proposed in the PRSP and HIPC initiatives. It would have been much better to have all debts cancelled so that we start afresh altogether just as it happened in Europe after the Second World War under the Marshall Plan.

PRSP can be a chance for a new and meaningful development policy if:

- Well funded
- Priority sectors/areas well managed
- Donors/development partners meet their obligation timely
- Civil society participate in implementation, monitoring and evaluation.
- Communities ownership of programs increases and their priorities are taken on board.

However, PRSPs could be a new imposed conditionality if:

- Policies are dictated from World Bank and IMF.
- Government under-fund priority sectors/areas earmarked in PRSP.
- Donors don't meet their funding obligations

## **7. *Prioritization of Government action***

Priority for Government action on public expenditure is based on the guidelines set out in the Medium Term Expenditure (MTEF) and the Public Expenditure Review (PER) exercises. These two exercises put a lot of resources to the priority sectors. They also provide for more civil service reform and improvements in the public sector so that it becomes more accountable for serving the needs of the poor.

The five year expenditure on the priority sectors indicates that education sector was spending 162 Tshs. Billion in 1990/00 but it will be spending up to 487 Tshs. Billion in 2003/04. Basic education in particular will rise from 97 to 224; health sector from 57 to 225; primary health from 29 to 111; water from 8 to 54; agriculture from 14 to 30 in 2001/02; agricultural research & extension from 5 to 8 in 2001/02; roads from 51 to 287 in 2003/04; rural roads from 16 to 76 in 2003/04; legal system from 8 in 2000/01 to 81 billion in 2003/04; while HIV/AIDs will be up from 0 to 9.0 billion in 2003/04.

Key features of this process so far are that:

- For the basic education, health and water sectors the costs for 2001/02 are covered by the budget.
- For agriculture the costs of programmes aimed at meeting the PRSP targets are still being worked out.

During 2000/01 the main actions for poverty reduction were:

- To increase support for, and strengthen the growth prospects of the priority and pro-poor sectors.
- To work out strategies and costings for developments in the key sectors.



- To develop an effective system for monitoring poverty.

The principal interventions were as follows:

- To increase support for the priority and pro-poor sectors.
- The macroeconomic situation was kept healthy by using good monetary and fiscal policies.
- Revenue and expenditure patterns were set out as suggested in MTEF and PER.
- An enabling environment for private investment was created.
- The Tanzania National Business Council was launched for regular consultation between the Government and representatives of the private sector.
- The efficiency of the financial and goods markets was improved.
- The development of the rural sector was supported.
- The performance of utilities was improved.
- Nearly all of the conditions for Highly Indebted Poor Countries (HIPC) completion point were met.
- The cash budget was managed with increased flexibility.
- The Public Finance Act and the Public Procurement Act were passed.
- The Integrated Financial Management System (IFMS) was rolled out along with other measures to strengthen budgetary control and accountability.

To work out strategies and costings for developments in the key sectors:

- Strategies for various sectoral, sub-sectoral and cross cutting programmes were developed and costed.
- The budget for education, health and other priority areas was increased and used more effectively.
- An Education Fund to support children from very poor families was established.
- Primary school fees and other enrolment related contributions were abolished.
- An action plan for the elimination of child labour was prepared.
- The Tanzania Commission on AIDs (TACAIDs) was established.
- A good governance coordination unit was established.
- The Office of the Prevention of Corruption Bureau was extended to the districts.

To develop a wide ranging system for monitoring poverty:

- A Household Budget Survey (HBS) and an Integrated Labour Force Survey (ILFS) were conducted to give better information about the extent of poverty in Tanzania.

- Income and social indicators of poverty were tracked and measures (TASAF) were adopted to reduce rural income poverty and provide relief to vulnerable groups.

## **8. Conclusion**

PRSPs if well managed, they stand a chance of helping home countries reduce poverty in the medium term and eventually in the long-term move out of poverty. Otherwise if they are not well managed and own domestically then they will just be new conditionalities imposed by the World Bank and IMF to the highly indebted countries of the world. So, management, ownership, participatory monitoring including civil society are very crucial for either making PRSPs as an opportunity for development or as a new conditionality.

PRSP can be a chance for a new and meaningful development policy if: well funded, priority sectors/areas well managed; Donors/development partners meet their obligation timely; Civil society participate in implementation, monitoring and evaluation; Communities ownership of programs increases and their priorities are taken on board.

However, PRSPs could be a new imposed conditionality if: Policies are dictated from World Bank and IMF; Government under-fund priority sectors/areas earmarked in PRSP; and Donors don't meet their funding obligations

## **9. List of Reference**

- URT, Poverty Reduction Strategy Paper, PRSP (2000)
- URT, Poverty Reduction Strategy, Progress Report (2001)
- URT, Poverty Monitoring Master Plan, (2002)