

**Working Paper 247**

**Poverty Monitoring Systems:  
An Analysis of Institutional Arrangements in  
Tanzania**

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## Acronyms

APR	Annual Progress Report (PRSPs)
CCM	Chama cha Mapinduzi
CSD	Civil Service Department
DHS	Demographic and Health Survey
DP	development partner
DSAWG	Dissemination, Sensitisation and Advocacy Technical Working Group
EMIS	Education Management Information System
ESRF	Economic and Social Research Foundation
GFATM	Global Fund to Fight AIDS, TB and Malaria
GoT	Government of Tanzania
HBS	Household Budget Survey
HIPC	Highly-Indebted Poor Countries (debt initiative)
HMIS	Health Management Information System
M&E	monitoring and evaluation
MDA	ministry, department and/or agency
MoF	Ministry of Finance
MTEF	Medium-Term Expenditure Framework
MIS	management information system
NBS	National Bureau of Statistics
NGO	non-governmental organisation
NPED	National Poverty Eradication Division (VPO)
NPES	National Poverty Eradication Strategy (1998)
ODI	Overseas Development Institute
PAF	Performance Assessment Framework (PRBS)
PER	Public Expenditure Review
PETS	public expenditure tracking survey
PMMP	Poverty Monitoring Master Plan
PMS	poverty-monitoring system
PO-PP	President's Office, Planning and Privatisation
PO-RALG	President's Office, Regional Administration and Local Government
PPA	Participatory Poverty Assessment
PRBS	Poverty-Reduction Budget Support
PRS	poverty-reduction strategy
PRSC	Poverty Reduction Support Credit
PRSP	Poverty Reduction Strategy Paper
RDWG	Routine Data Technical Working Group
REPOA	Research on Poverty Alleviation
R&AWG	Research and Analysis Technical Working Group
SPA	Strategic Partnership with Africa
TAS	Tanzania Assistance Strategy
TRCHS	Tanzania Reproductive and Child Health Survey (1999)
UNDP	United Nations Development Programme
URT	United Republic of Tanzania
VPO	Vice-President's Office
WG	Working Group

# Summary

## Introduction

This paper is a contribution to international learning on the design and functioning of poverty monitoring systems (PMS) in countries with national poverty-reduction strategies (PRS). It is also intended to be useful to the Government of Tanzania and other stakeholders in identifying priorities and approaches for the monitoring of the revised Poverty Reduction Strategy (PRS2). The study was required by its terms of reference to focus on institutional arrangements and not on technical issues, bearing in mind the transformations in national policy processes and the aid relationship that PRSP processes are intended to promote. A realistic treatment was called for, exploring the way monitoring systems actually function, so that genuine lessons can be learned.

After an Introduction, the next three sections of the paper a) set out the context; b) describe the elements of Tanzania's PMS and the main initiative to place these in an overall strategic framework, the Poverty Monitoring Master Plan of 2001; and c) analyse the successes, limitations and challenges associated with this effort. Section 5 draws conclusions that may be of general relevance to the design and evolution of PMSs across countries, and makes some specific recommendations for the next period in Tanzania.

## Context

The paper describes distinctive and limiting features of the context for poverty monitoring in Tanzania. The most important feature of the context, the way the PRS is embedded institutionally and politically, is much debated.

We argue that this debate reflects two faces of a single reality. Tanzania has a long tradition of rather technocratic plan formulation with a problematic relationship to the real political system of the country and to implementation processes. This is what explains the ease with which the PRSP initiative was adopted and the tendency for it to be discussed mainly within an 'iron triangle' of donors, internationally-linked NGOs and government technocrats. This is not a new reality. The 'fragmentation' of the policy process is a long-standing problem, reflecting in the final analysis the character of the post-Independence state – it is not a creation of the PRSP initiative. It therefore makes good sense to ask practical questions about the degree to which the PRS has improved the policy process incrementally.

An important area in which incremental change may be looked for is the linkage between poverty-reduction objectives and public expenditure. Although Tanzania has a working MTEF, the first PRS was linked to budget allocations and budget execution only by the comparatively crude mechanism of special protection to 'priority sectors'. This steered new funding, especially donor budget support, towards basic services, but it did not do a good job of stimulating sectors to produce better poverty-oriented spending plans. That may now be about to change, as PRS2 has abandoned the priority-sector concept and the Budget Guidelines are being prepared on the basis of a series of 'cluster strategies'. This has the effect that sector planners are obliged to refer to the PRS in bidding for MTEF allocations.

The aid context has improved a good deal since the mid-1990s, one of the effects of which is a large group of donors providing different amounts of general budget support. However, alignment with the PRS and national systems remains a challenge. An indicator of the challenge is the large gap that continues to be observable between the content of the PRS and the content of the Performance

Assessment Framework used by the donors.

Some additional elements of institutional context are given by the history of poverty-reduction planning and monitoring in the country before the PRS. One such feature is the location of the primary responsibility for supporting poverty-reduction planning and monitoring in the Vice-President's Office, not in the Ministry of Finance where the reform of public expenditure management has been undertaken. Another is the retention of significant planning responsibilities in the former Planning Commission, now PO-PP, leading to the production of a Medium-Term Plan for growth and poverty reduction alongside the PRS.

## **The PMS described**

The Poverty Monitoring Master Plan (PMMP), published in its final form in late 2001, set up an ambitious institutional framework including four quite inclusive Technical Working Groups to manage surveys and censuses; routine data; research and analysis; and dissemination, sensitisation and advocacy respectively. Considerable effort went into the design. It was informed by best-practice ideas about the desirable scope and functions of a national monitoring system. However, it was also influenced by previous thinking in preparation for HIPC2, which skewed the actual ambitions of the PMS heavily towards outcome and impact measures and away from monitoring changes in performance and outputs over shorter time periods. Other international influences in more recent years have further encouraged this emphasis.

There is a wide consensus on several problems that the PMMP arrangements have not so far been able to solve. Household survey coverage and comparability has improved and the analysis of the survey data and other sources of information has been well provided by the Research and Analysis Working Group. Routine data systems, on the other hand, have continued to be unreliable, incomplete and wasteful, as in other countries and for many of the same reasons. The limitations seem to be worse in Health than in Education, but in both cases there is a lack of monitoring of agreed improvements in sector management as well as some duplication in data collection.

Current proposals for reforming the PMS revolve around administrative adjustments to the pyramid of committees and working groups established under the PMMP. Several such changes may be desirable, but they are unlikely to solve the identified problems by themselves. For example, the Dissemination, Sensitisation and Advocacy WG may need to be reconstituted. But it is only reasonable to expect the group to facilitate greater use of data by policy makers; the incentive to use data cannot be created by sensitisation. The Routine-Data WG – which has met infrequently and had not until 2004 made a serious effort to confront the data quality and coordination challenges identified in the PMMP – is now taking some steps in the right direction. However, these efforts are unlikely to address the more serious problems of data quality. The recently agreed 'Strategy for the Rationalisation of Routine Data Systems for Poverty Monitoring' rests heavily on the notion that training is the solution to incentive problems among data providers.

With regard to the overall design of the PMS, there are two immediate issues on the agenda. One is a possible redistribution of tasks between the VPO's Poverty Eradication Division, PO-PP and the Ministry of Finance. While these proposals have attractions, not least as means of relieving the heavy burdens on the PED, they do not deal with the main deficiency in the relationship between the planning and budget authorities in Tanzania.

The other important issue concerns the way in which PED proposes to reorient its approach to the different data types following the revision of the PRS. It will be under heavy international pressure

to maintain and make more elaborate its previous concentration on outcome and impact measures, including a possible MDG costing exercise. It would be unfortunate if this emphasis was to be adopted, for two reasons. First, it would prevent PED from taking the steps necessary to produce in the medium term a more robust form of Annual Progress Report that would serve better the purpose of tracking and building accountability for PRS implementation. Second, this will tend to reproduce and confirm the current position where donors feel unable to rely on the APR and find it essential to maintain a parallel PAF-review process.

## **Successes, limitations and challenges**

In this section, the paper deals with aspects of the Tanzanian PMS experience in relation to the three main axes of the PRSP ‘project’ – country ownership; results orientation; and aid alignment.

Ownership can be treated, wrongly we think, as a matter of attitudes. Attitudes to the PRS are a particularly weak test of country commitment and accountability in the Tanzania case because of the history of ‘planning’ alluded to in describing the context. The important issue is the institutional one of whether the previously weak and crude link between the PRS and the budget/MTEF process is about to be seriously improved.

Strengthening results-orientation involves both supply- and demand-side challenges. On the former, the report calls for hard-headed realism in taking forward the agenda of improved data coordination, including improvement in data quality.

All sources agree in seeing the duplication and haphazardness that currently characterise routine data systems as the product of fairly deep-seated incentives. The point is not just that the incentive to generate and use quality information is weak, but that civil servants (and donor project staff) have a variety of incentives to defend and extend their existing activities, more or less regardless of quality and the effect on the overall rationality of the system. Territorial defences take different forms in well-funded, donor-sponsored parts of the government and resource-starved ones, but the effect in both cases is likely to be hostile to rationalisation. It follows that committees and working groups that bring officials together without some additional and contrary incentive are unlikely to achieve better coordination. They could easily result in more parallel activities and duplication.

A better approach would involve moderating expectations, and recognising that coordination is unlikely to be achieved by the proposed form of frontal assault. Rather, what is needed is punctual interventions in various institutional contexts where the incentive structure includes, or is moving in the direction of, tougher disciplines on how officials spend their time. These would include the Budget Guidelines process, sector reviews, implementation of the LGRF and the joint reviews of the PAF. In Tanzania, an alliance between PED and the Ministry of Finance would be required to take forward what we suggest.

This approach would be suitable for beginning to tackle the serious supply-side problems in routine data systems. It would also be the way to continue to build pressure for data analysis and use in policy making – the demand side. However, there is another thing that needs to be done to get a better relationship between supply and demand. That is to shift the focus of the PMS, and the activities of the PMS secretariat, towards a more systematic monitoring of the intermediate levels of the results chain between inputs and final policy objectives.

This has been tried, notably in the approach taken to writing PRSP Annual Progress Reports (APRs), where it has had to be recognised that outcomes and impacts tend to change too slowly to be really

useful for year-on-year learning and strengthening results' accountability. But it has been hard, because only the outcome level of the PRSP monitoring matrix has had clearly specified indicators and targets. The new PRS reflects to some degree maturing strategies in the sectors, and there is a commitment in the chapter on monitoring to tracking the whole causal chain. However, PRS2 does not have its own Policy Matrix, setting out agreed policy actions. The immediate reason is that the 'cluster strategies' are not yet sufficiently elaborated – the Logical Framework is truncated.

Overcoming this weakness would, however, be a reasonable medium-term ambition. If by the time of the next revision, the policy thinking in the sectors had developed to the point where it was possible to complete the logframe and provide a Policy Matrix for the PRS, there would be multiple gains. Making a start on this process, working with Ministry of Finance to develop to the maximum the leverage for better sector policy making that the new Budget Guidelines process provides, should be a priority for PED. Servicing the needs of the UN system in respect of the MDG review is not of comparable importance.

A PRS Policy Matrix would offer a major opportunity from the point of view of aid alignment – that is to say, it would assist in advancing the partnership dimension of the PRSP project. The possibility of reducing the gap between donor review processes and those undertaken by government would be enhanced significantly if the kind of monitoring of policy actions that is currently done with the PAF were able to be done in the annual review of the PRS.

## **Conclusions and lessons**

Generic lessons from the Tanzania case include the following:

- Monitoring arrangements can serve to promote country commitment to, and accountability for, poverty-reduction policies where they are closely related to a politically supported and maturing budget process.
- Developing a PMS is a process, in which it will never be possible to achieve everything that is desirable in one go, and in which there will be temporary setbacks and advances.
- The incentive issues that are often recognised to be at the heart of enhancing demand for monitoring data in PRS countries also need to be recognised on the supply side – so, beware of seeing coordination of monitoring activities and data supply as a technical problem, subject to simple administrative solutions (convene a new committee, agree a capacity-building programme, etc.).
- Incentives to improved coordination will come most likely from the same places as incentives to more active utilisation of data. In both cases, what poverty monitoring can do to promote results-oriented policy will not be settled within the poverty-monitoring sphere itself, but only by the quality of the incentives generated in the wider system.
- On the other hand, if the PMS and its principal outputs do not provide the information that is relevant to policy choices and accountabilities on the appropriate time-scale, they will not be relied upon by policy makers. PRS monitoring systems have got to get better at addressing what policy makers need to know.
- Once again, however, the means of addressing this challenge do not lie within the sphere of monitoring. It is hard to monitor plans that do not themselves reflect strategic policy thinking – that is, which do not say how the specified outcomes are going to be achieved with the specified inputs, and how the obvious obstacles are to be overcome. The Uganda experience suggests that improvement is possible on these points.
- A major challenge in enabling better partnership around PRSs is the gap that usually exists between the outputs from country PRS monitoring and what donors believe they have to monitor on an annual basis or more frequently in order to have assurance that the funds being provided are likely



to produce results.

- Fortunately, closing the gap between the typical budget-support Performance Assessment Framework or PRSC matrix and the typical APR calls for exactly the same change of emphasis as is required for gearing domestic policy-making to results. Thus, there are several reasons for wishing to see a gradual process of convergence between PAFs and PMS outputs.

Particular recommendations for Tanzania include the following:

- Current proposals for reviewing the Poverty Monitoring System are centrally concerned with the weaknesses of routine reporting systems, which are seen as linked to several design faults in the institutional set-up. These problems are important but should not be addressed in a technical-administrative spirit, or solely within a monitoring-system context.
- Data-quality and duplication problems in the routine data systems are underlain by incentive problems that are not dissimilar to those affecting the demand for and use of data. The sources of incentive change lie outside the monitoring sphere, in the evolving budget-, sector-strategy, PER and PAF review processes.
- The secretariat of the PMS should therefore aim to fight its main battles in these arenas and not in working groups attended by default mainly by monitoring personnel. It should take advantage of the possibility of engaging in discussions with the policy makers in organisational settings where results-orientation is being strengthened, including sector working groups and reviews; the implementation of the Local Government Reform Programme; and the PAF review.
- While waiting for incentive-change to kick in, they should pay closer attention to the type of variable on which annual monitoring reports can most usefully focus. This would be easier if the sector-policy content in PRS2 were more developed – you can't do good monitoring of a poorly articulated plan. A notable step forward, nevertheless, would be to get agreement on specific, time-bound action commitments that could be the basis of a PRS Policy Matrix. Donors should support a move in this direction by the PMS, as the first step towards an eventual winding-down of the PAF.
- It would, however, be premature to abandon the PAF at this point, or significantly dilute its action content.



# 1 Introduction

## 1.1 Purpose of this study

This is one of a series of country studies intended to generate a knowledge base on the design and functioning of poverty monitoring systems.<sup>1</sup> Poverty is understood in multidimensional terms while poverty monitoring is understood as the tracking of progress under a Poverty Reduction Strategy (PRS). This implies an interest in the delivery of planned inputs and outputs as well as in the assessment of outcomes and impacts. A poverty monitoring system (PMS) is understood as embracing 1) data and information collection and analysis; 2) dissemination and feedback into the policy process; and 3) the overall management and coordination of these activities.

The focus of the studies is not on the technical quality of the activities, but rather on institutional arrangements, and how these facilitate or act as obstacles to the flow of information between actors. This reflects the understanding that, in countries with Poverty Reduction Strategy Papers (PRSPs), monitoring activities have the potential to contribute to three principal dimensions of the PRSP ‘project’: a) greater commitment to and accountability for poverty-reduction efforts within the country (country ‘ownership’); b) a greater results-orientation in national policy processes; and c) creation of conditions in which poverty-reduction efforts can take the form of a genuine partnership between national and international actors.

Bearing on each of these dimensions are critical questions about the way information is being generated and used within the country’s PMS. The institutional set-up for poverty monitoring can contribute well, badly or not at all to transforming the relevant relationships – among the different components of government, other domestic stakeholders and international development organisations – in ways that improve long-term impacts on poverty. Many of these questions have to do with the way monitoring arrangements are embedded in existing national systems and institutions, and the incentives that govern them.

## 1.2 Terms of reference

### *A realistic approach*

The terms of reference of the studies called for close attention to the actual functioning of monitoring systems. Previous reports and capacity-building activities had identified weak coordination, lack of demand for information from decision makers, unclear mandates and responsibilities, lack of relevance and timeliness of data, and limited accessibility of information as key constraints on the promotion of results-based decision making. However, there is a need to probe further and uncover the way the institutions that make up the monitoring system actually function. This means looking at informal incentive structures as well as formal arrangements. A candid treatment of these factors was expected, so that the country studies would allow genuine lessons to be learned about what is likely to work and what should be avoided in the design of poverty monitoring systems.

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<sup>1</sup> The series was commissioned by the World Bank and DFID in 2004, and a synthesis report is due to appear in 2005. The Tanzania study is based on interviews and documentary analysis carried out in October 2004. This paper is a revised version of the draft report submitted in December 2004 and was completed in March 2005. The author is grateful to all those listed in Annex 1 and to Marko Nokkala for useful comments on the draft. However, the author is solely responsible for the accuracy of the information and the quality of the analysis as well as for the opinions expressed in the paper.

### *General and particular contributions of Tanzania study*

As well as contributing to the multi-country learning exercise, the Tanzania country study was expected to make recommendations about how any specific shortcomings of current and planned institutional arrangements for poverty monitoring could be addressed. It therefore had an additional and more directly operational purpose. In principle, this did not change the character of the study. In practice, it made it more challenging to maintain the kind of candid, ‘political economy’ style of analysis that the general terms of reference called for.

Good country-level operational advice needs to be grounded in a realistic assessment no less than international lesson learning. Indeed, the damage that can be done by recommendations grounded in a narrowly technical approach to systemic challenges may even be somewhat greater at this level. But when the main clients of the work are heavily engaged in the system that is being analysed, there are strong pressures to slip into a technical language that glosses over the real constraints in the interests of encouraging messages and harmonious working relationships. We have tried to handle this tension as well as possible by understating some issues, but nonetheless telling the real story in all the ways that matter from the point of view of sound recommendations on the way forward.

### **1.3 Organisation of the report**

The remainder of the report consists of three sections. First we set out the context in which Tanzania’s poverty-monitoring arrangements have evolved, and which needs to be taken into account in thinking about how they might develop in the future. Then we provide an initial description of the elements of the system and the principal initiative to provide it with overall coordination. There follows a more analytical and evaluative section, looking at successes, limitations and future challenges in the light of general criteria applicable to monitoring in a PRS context. The final section contains conclusions and recommendations.

## 2 Context of Tanzania's PRS monitoring system

The context of poverty monitoring arrangements in Tanzania is strongly affected by the particular character of the country's PRSP process. The way the PRS has been embedded institutionally and politically has been influenced in turn by the nature of the government system and its traditions. Some of these are shared by most countries in the region, while others are Tanzania-specific and are the product of the country's particular history.

Among the specific features is the notable improvement in the aid relationship that appears to most observers to have taken place in recent years. This gives an impression of forward movement in the country's poverty-reduction efforts. However, it has to be recognised that these readjustments have left some big issues unresolved. As a consequence, some major institutional challenges affecting the possibilities of the PMS are only beginning to be tackled now.

In this section, we review in turn the distinctive features of the PRS, the underlying political features and the outstanding issues, before drawing together the implications for monitoring arrangements.

### 2.1 Distinctive features

#### *Putting the PRS in perspective*

There is some debate about the degree to which the Tanzanian process is a good or a bad example of the PRS 'project' in action. On the one hand, it is seen as a process that has ushered in significant changes, including a 'promising' degree of national commitment to stronger poverty-reduction efforts (Evans and Ngalewa, 2003). On the other hand, it is an affair of an 'iron triangle' of national and international technocrats that has barely engaged at all with the country's political processes, including its institutions of representative democracy (Gould and Ojanen, 2003). To an important degree, in fact, both images are true. They emphasise different facets of the same reality. Some unpacking of the elements that contribute to these apparently opposing visions will be helpful in setting the scene for our analysis.

One of the things that sets Tanzania's PRS apart from others in the region is that it builds on a long tradition in the country of 'planning' to achieve economic and social goals. Precursors of the PRSP include not only the Vision 2025 and National Poverty Eradication Strategy of the late 1990s, but a long list of national plans and policy declarations – almost invariably with poverty reduction as the final objective – stretching back to 1964. In this sense, poverty-reduction strategies are as Tanzanian as ugali with relish, with the sole qualification that the different documents tend to be 'owned' by different parts of government depending on where they were written.

These documents have been influenced by donors and other international actors to different degrees. They have been more or less technocratic and have always had a problematic relationship with the policy processes in the 'real' political system of the country, and with the policies generated there, such as the string of nationalisations and control-oriented measures that followed the 1967 Arusha Declaration. This is a function of the way the national political system has evolved, not just of Tanzania's relationship with the donors. These are long-term developmental features that have been reflected in the recent PRS process, but were not created by it.<sup>2</sup> The underlying reality is the character of the post-colonial state.

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<sup>2</sup> As Gould and Ojanen (2003) tend to imply.

### *Long-run features of the policy process*

The post-Independence state in Tanzania is no exception the African norm in which ‘rational-bureaucratic’ principles are blended with ‘patrimonial’ ones to form a distinctive hybrid pattern (van de Walle, 2001). While there are also contrary tendencies at work, the prevailing approach to politics and the management of the public sector makes it rational and practical to deploy resources primarily with a view to patronage.

In Tanzania this works out in a particular way that reflects the largely rural character of the society, the lack of significant indigenous capitalism even today and the persistence of single-party rule under a liberal constitution. These general and particular qualities, taken together, are what explain otherwise puzzling aspects of the policy process – such as the appeal of command-economy policies tinged with state-socialist ideology even after two decades of movement towards market-friendly policies (Cooksey, 2003).

It makes no sense to underscore the disconnect between the ‘iron triangle’ of technocratic, aid-driven policy processes and the real political system of the country without a clear view on the nature of that political system. We also need to appreciate something about what ‘planning’ has tended to mean in the Tanzanian context, as this is the benchmark against which PRSP-related innovations have to be judged.

A feature of the Tanzanian tradition of planning is that it has been very largely about setting out objectives in policy documents and much less about changing actual policies and the way these affect the economy and society of the country. In other words, implementation has been a problem. To paraphrase what we wrote in 1999, before the PRSP process began (Booth and Cooksey, 2000), the national policy process of Tanzania has a long history of what has been called fragmentation. Going back to the heyday of ujamaa and before, close observers have detected a lack of authoritative institutions capable of guaranteeing overall policy coherence, and a strong tendency for policy formulation to be disconnected from implementation (Therkildsen, 1999).

The origins of this tendency are political. According to Therkildsen’s sources, at the end of the 1990s the policy process was still characterised by: a) predominance of a ‘politics of accommodation’ at cabinet level;<sup>3</sup> b) rare engagement of ministers and Permanent Secretaries in high-level policy discussion; c) lack of policy dialogue within and between ministries; d) the formulation of reform plans without reference to resource constraints or feedback from realities on the ground;<sup>4</sup> and e) unpredictable funding for government departments that undermines the incentive to rational planning.

According to the same sources, fragmentation increased over the 1990s (1999: 9, 14). This combined with demoralisation in the civil service and the impact of uncoordinated donor activity to further reduce the chances of formally-agreed public policies being translated into action. This was the case well before the PRSP initiative, meaning that the most pertinent question about the PRS process is not whether it reflects this weakness but whether it has introduced any incremental changes in the right direction.

Evans and Ngalewa (2003) adopt the incremental-improvement criterion in assessing the PRS process without, perhaps, explaining sufficiently why it is appropriate. They argue that there have been modest shifts in the right direction (that is, towards policy systems that would generate more effective poverty reduction efforts). However, they insist that the prospects for the PRS process making a real

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3 Pratt (1972), cited by Therkildsen (1999: 9).

4 Shellikundo et al. (1998), cited by Therkildsen (1999: 8-9).

difference to the quality of policy, including its implementation, depends heavily on the progress that is made with other institutional reform programmes, including anti-corruption, local-government reform, public-service reform and improvements in the budget/MTEF process.

This seems correct. It is also the evolution of the PRS's relationship to these other processes – most notably the budget – that is most important in assessing the constraints and opportunities facing the PMS.

### *Linking poverty reduction and public-expenditure management*

It is a general finding about the impact of PRSPs in Africa that it has been more substantial where effective means have been found of translating the objectives of the strategy into priorities for public policy through the process of formulating and executing the national budget (Booth, 2003; Holmes, 2003; World Bank, 2004). Tanzania has not exactly been in the vanguard of progress in this respect. But it has had a number of favourable features.

They include the adoption by the Ministry of Finance of the World Bank's Public Expenditure Review instrument, and its conversion into an annual, multi-sectoral assessment process led by the Ministry and benefiting from ample participation by civil-society organisations and donors, as well as commissioned technical studies. Other favourable features are a fully-functioning Medium-Term Expenditure Framework and a technically advanced financial information system, allowing budget execution to be monitored effectively.

Negative features include a tendency for the PER discussions to have no direct influence upon the process later in the year of agreeing Budget Guidelines, in which the MTEF ceilings get translated into annual allocations. There are also concerns about the scale of the expenditure that is not subject to this process, because it consists either of payroll obligations that are dealt with separately, or of donor-financed spending that is not in the MTEF. However, a more directly relevant issue is the nature of the mechanism used for bringing the influence of the PRS to bear on the MTEF and the budget.

Until the PRS revision process in 2003/04, the mechanism used was to assign a measure of spending priority and protection of disbursements to what had been identified as 'priority sectors' in the strategy (primary health and education, water, rural roads and agriculture). This worked to increase the absolute level of funding to primary public services quite substantially, thanks in part to a large increase in donor budget funding since the mid-1990s. However, after the first year of the arrangement it became clear that the prioritisation was affecting the donor funding more than the government's own spending, with the latter beginning to reflect priorities other than those in the PRS. This became a central focus of attention and debate in the 2003 PER.

The government defended its decisions by arguing that the 'priority sector' concept had been revealed to be unduly rigid and was producing unanticipated difficulties. To some degree, these are the same objections to the tagging of certain kinds of public expenditure as inherently and uniquely pro-poor that have emerged in the discussion around the Poverty Action Fund in Uganda (Booth and Nsabagasani, 2004; Williamson and Canagarajah, 2003).<sup>5</sup> One of the results of this discussion has been that the second PRSP (PRS2) has abandoned the priority-sector concept altogether. PRS2 consists of a large number of 'cluster strategies' which articulate policies for addressing the goal of poverty reduction across virtually all sectoral and cross-sectoral policy areas.

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<sup>5</sup> For example, unconditionally identifying sectors like primary health or rural roads as priorities creates a climate in which those sectors feel free to neglect efficiency considerations, while others, such as trade, may come to think that there is little to be gained from developing poverty-oriented policy reforms within their mandates.

In the current budget cycle, the procedure for collecting sectoral inputs to the Budget Guidelines is being modified in such a way as to put pressure on all sectors – whether formerly treated as pro-poor or not – to justify their bids in terms of the relevant ‘cluster strategies’ in the PRS. Technocratic, to be sure, and limited in scope for the reasons indicated above, this step has major implications for the implementation prospects of the PRS and for the role of the PRS monitoring system. For the first time, sector policy makers have a material incentive to develop outcome-oriented rationales for what they do with their allocations from public resources. For the first time, they are being given reasons to make use of data on results.<sup>6</sup>

The effect of these recent changes will be to close the gap with Uganda in respect of the degree of purchase of the PRS on the budget process. As the parallel study (Booth and Nsabagasani, 2004) shows, the approach to these matters in Uganda is also changing, in both helpful and worrying ways. This too will make the context for PRS monitoring more similar across the two countries in the future than it has been in the past. In both cases, there is justification for the claim that the PRSP ‘project’ still has life left in it, and that there is a fresh and interesting ‘second-generation PRS’ agenda in Africa (Driscoll, 2005).

### *The aid relationship*

The general story of improving relations between government and donors in Tanzania since the mid-1990s is well known. This process was well under way, symbolised by the commitment to produce a joint Tanzania Assistance Strategy before the decision to formulate a PRSP. The broad consensus on the priorities in the PRSP and the existence of a mechanism, albeit a crude one, for linking those to public expenditure planning and execution helped to consolidate the gains made, along with the generally encouraging drift of policy under President Mkapa’s two terms.

The trends have encouraged several donors, multilateral and bilateral, to move an increasing proportion of funds into budget-support channels. In the last few years, general budget support seems to have edged upwards from about 30 per cent of official development assistance to around 50 per cent. Sector and cross-cutting common basket funds have also become more important (Lawson et al., 2004).

So far, the government has not been very robust in expressing its preference for particular modalities of support. It has not, as in Uganda, set a timetable for the inclusion of all external funding to sectors and districts within the corresponding MTEF ceilings. This is a pity, as this seemingly technical requirement would have the potentially transformative effect of equalising the incentives facing ministries and departments as between funding of activities through the budget process and accepting donor-financed projects. Bringing more funding within the compass of the Budget Guidelines in this way would be expected to increase the tendency for spending to be subjected to evidence-based tests.

Despite the fact that general budget support is at most a half of all official aid, the Poverty Reduction Budget Support (PRBS) donor group is already large. This is partly because many donors are contributing small amounts by this method while maintaining large programmes outside it. The obvious danger is that the delivery and monitoring mechanisms of PRBS will increasingly swamp those of the national planning and budgeting systems, despite the commitment of donors in general and budget-

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<sup>6</sup> Anecdotal but telling evidence is the observation by the Director of the Poverty Eradication Division (PED) of the Vice-President’s Office that since the Ministry of Finance began to call in sector planners for briefings on the new approach to the Budget Guidelines, he has had several phone calls from planning offices requiring, for the first time, information on the content of the PRS and data relating to it.



support donors in particular to aligning with national policies and using national systems.

Quite rightly, a lot of attention has been devoted by donors in Tanzania to adjusting the scale and timing of the donor-required review processes to the possibilities of the country. One positive outcome of this effort is that the World Bank's PRSC monitoring framework has been fully integrated with the Performance Assessment Framework (PAF) used in tracking progress and justifying disbursement decisions by the rest of the PRBS group. Improvements to the cycle are on the agenda, including better ways of linking the PER with budget formulation.

The central issue regarding the alignment of budgetary assistance with national policies is the relationship between the PAF and the PRS. We discuss this more substantively later on, because it is fundamental to the role that is expected of the PMS. Here, we want to make the limited point that alignment is a two-way street.

In principle, the PAF matrix is a government document, and an instrument by which the Bank and other donors assist in 'operationalising' the PRS. However, critics of the donors' approach regard the PAF/PRSC as barely disguised adjustment conditionality (of which they disapprove) and point out that there is a good deal in it that was never discussed in the participatory design process of the PRS. This is true, to the extent that the PAF is different in both character and content from the PRSP monitoring matrix. However, this fact needs to be treated realistically.

There are senses in which the aid relationship in Tanzania now works on a partnership basis. But it is not the case that the gap between donor objectives and concerns and those of national stakeholders has disappeared. Most budget-support donors remain convinced that conditionality – or at least close and regular monitoring of whether agreed policy commitments have been adhered to – still has a vital role to play in ensuring the proper use of funds. There is a desire to reduce as far as reasonably possible the amount of PAF content (the matrix is 13 pages long) that is intrusively additional to the PRS matrix. However, there are two sides to this problem. It has not been the case, and still is not, that there is enough in the PRS – and hence in the Annual Progress Reports based on it – to allow year-on-year tracking of progress in implementing key policy measures. This poses an important challenge for the design and conduct of the PMS.

## **2.2 The context for monitoring**

The discussion so far suggests that the opportunities for the monitoring arrangements set up for the PRSP to contribute substantially to policy improvements have been constrained by contextual factors. While the first PRSP compared favourably with several previous attempts to set a strategic policy framework focused on poverty, it shared with them the lack of a suitable mechanism for stimulating implementation. The changed incentive structure for ministries, departments and agencies (MDAs) that might have been provided through the government budget did not materialise at first, although it may be beginning to be created now, in 2004/5. Lacking material incentives to improve performance, MDAs have had few reasons to collect, demand or analyse information about results.

### *Initial institutional arrangements*

Because the *raison d'être* of a PMS seems to be linked in this way to the creation of new incentives through the reform of the budget procedures of the Ministry of Finance, there were doubts from the outset about the government's decision to locate responsibility for coordination of poverty monitoring in a division of the Vice-President's Office (Booth and Cooksey, 2000). Those doubts remain, although they can be seen to be bound up with a wider set of issues. When the PRSP initiative came, it was

steered by a high-level Technical Committee chaired by Finance. However, the National Poverty Eradication Division (PED) in VPO provided the secretariat and has made most of the running, at least until the last year or so. This has helped to entrench a situation in which MoF-led processes such as the PER and the budget have had only tenuous linkages with effectively VPO-led processes such as the annual review of the PRS and the national Poverty Policy Weeks.

Several of these things may be set to change now as a result of the different content of the PRS and new process for the Budget Guidelines. It may, however, be significant that the initiative to strengthen the PRS-budget linkage came from the External Evaluation commissioned for the 2004 PER. Donor support for the proposal was probably decisive. In other words, in this as in many other respects,<sup>7</sup> it is not clear that the government system has any in-built inclination to reform itself in the direction of results-oriented policy mechanisms. The spur of donor pressure, in alliance with like-minded local stakeholders, is still the major source of progressive change.

Another institutional oddity that has not yet come under pressure to change from any quarter is the location of responsibility for planning, along with privatisation, in the President's Office, where it is more or less de-linked from the PRS. The former Planning Commission was responsible among other things for Tanzania's Vision 2025,<sup>8</sup> while the VPO was given responsibility for the National Poverty Eradication Strategy which preceded the PRSP, responding to the promptings of a slightly different set of international supporters.<sup>9</sup> When the Commission became the division for Planning and Privatisation in the PO (PO-PP), it proceeded to prepare a Medium-Term Plan for Economic Growth and Poverty Reduction, on the grounds that an instrument was needed for delivering on the Vision.

These documents have considerable overlaps in content and many shared weaknesses. The duplication is, of course, wasteful. It also makes it harder than it should be for the PMS to command the attention of MDAs across government, since even in formal mandate terms (admittedly not the most important factor) the authority of the PED/VPO can be questioned. It is symptomatic that the Medium-Term Plan was published without consultation with PED. It was sent to parliament for approval, which the first PRSP was not. In the recent PRS revision, PED decided to treat the Medium-Term Plan as an 'input', which has generated a tension between the two units that has not yet been resolved.<sup>10</sup>

### *Implications*

Taken together, the range of contextual factors reviewed in this section fix the parameters of what can be expected, and what cannot, from PRS monitoring arrangements in Tanzania. As in other countries, the most important issue is the degree to which there are progressive shifts in incentives that advance the three dimensions of the PRSP project: country ownership, results-orientation and partnership-oriented aid.

We have suggested that in one sense the Tanzania PRS scores well on country ownership. The

7 Lawson et al. (2004), Chapter 5.

8 This document visualises Tanzania's graduating to the category of middle-income country by 2025 and sets out some of the immediate preconditions, including an 8 per cent growth rate, various cultural changes and the adoption of a development mindset by the country's leaders (Planning Commission, 1999).

9 Like other initial poverty policy papers produced in Africa under the influence of the 1995 Social Summit in Copenhagen, the NPES expressed the government's commitment to poverty reduction by setting an ambitious target to be achieved early in the 21st century. The overall goal of the NPES is to reduce absolute (private consumption) poverty by half by 2010 and eradicate it by 2025 (URT, 1998).

10 This conflict of mandates is symptomatic rather than a matter of grave concern, unlike the equivalent tension in Uganda between the National Planning Commission and the Prime Minister's Office. In the latter case, the planners are laying claim to part of the budget process as well as to the monitoring of development planning.

preparation of policy documents of broadly this type is a long-established Tanzanian tradition. However, if ownership refers not to sentiments of attachment but to institutional mainstreaming (our preference), there are more difficult questions, because the linkage of the PRS process with both the mainstream of political debate and the budget has been weak. More important, the domestic drivers of greater results orientation have been weak, and have not so far been much strengthened by the budget reforms. For its part, the donor community in the country espouses the language of partnership in an unusually enthusiastic way, but the PRBS PAF is quite a lot more than a mere instrument for monitoring the implementation of the PRS. It is a major source of donor reassurance and also a principle instigator of policy implementation.

All these things need to be taken into account in thinking about what the PRS monitoring system can and should aim to do. The incentive structure within government is what determines the degree to which actors will be autonomously motivated to make use of evidence on results. It also, as we shall argue below, affects the degree to which it will be possible for any central body to impose a rationalisation on MDAs' monitoring activities. That means that those responsible for PRS monitoring cannot afford to be unconcerned about matters outside the formal sphere of monitoring, such as budgeting processes. Nor should they regard the gulf between the national monitoring system in the shape of the PRS APR and the parallel donor system (the PAF review) as an unchangeable fact of life.



### 3 Tanzania's poverty monitoring system described

This report's analysis of Tanzania's institutional arrangements for poverty monitoring is undertaken in two parts. In Section 3, we begin with a descriptive overview of Tanzania's PRS monitoring system (PMS) as currently constituted. The overview is brief, as there is a good description in the key design document, the Poverty Monitoring Master Plan (URT, 2001), and in subsequent summaries (see Annex 2 and Annex 3). We then itemise the various strong and weak points of the system, as discussed with stakeholders or documented in studies and discussion papers. Most, if not all, of these issues are to be considered as part of the review of the PMS scheduled to follow the completion of PRS2.

In our view, however, this discussion is mostly describing symptoms, not identifying underlying causes. A deeper diagnosis is needed on several points. In Section 4, therefore, we take a more analytical look at the role of the PMS, structuring the discussion by reference to the three dimensions of the PRSP 'project' – ownership, results-orientation and partnership. On this basis, in Section 5, we make some recommendations on the way forward that may be of use in the upcoming review of the PMS.

#### 3.1 The Poverty Monitoring Master Plan: basic design issues

When Tanzania's full PRSP was agreed by Cabinet in mid-2000, it contained little on the appropriate set-up for monitoring the strategy's implementation. In October 2000, however, agreement was reached on the composition of a National Poverty Monitoring Steering Committee, to report to the already-functioning PRSP Technical Committee referred to in the last section. The outline of a set of more specialised technical working groups was also agreed. Following further elaboration, this structure was formally articulated in the PMMP, published in November 2001, just in time for Tanzania's HIPC2 Completion – which had been made conditional upon one year of PRSP implementation (Evans and Ngalewa, 2003: 265-8).

In one sense, therefore, the monitoring of PRS1 may be said to have got off to a slow start. However, in another sense most of the elements were already in place. Ensuring monitoring of the National Poverty Eradication Strategy of 1998 was already among the duties assigned to the personnel of the Poverty Eradication Division of VPO, and various activities were already under way. The PMMP has been described ambitious and the product of nine months of close, cooperative working by the members of the different working groups (*ibid.*). Certainly, these preparations were painstaking and informed by a good understanding of international best practice in the monitoring of strategic plans. However, the design process did not start from a blank canvas.

The structure of working groups and committees, to which a great deal of attention was given, was entirely new – although it could be argued that it reflects a faith in committees and consultation that is a well-established feature of public-sector culture in Tanzania. A good description of the structure is reproduced in Annexes 2 and 3. On the other hand, in two respects the PMMP inherited problems from the previous phase of thinking about poverty monitoring.

First, as already discussed, the location of the secretariat (and the principal vehicle for donor-funded technical support) to the system in VPO was already fixed. The monitoring of budget execution was formally defined as one of the activities encompassed by PRS monitoring. However, together with the limitations of the budget process at that time, the institutional division of labour tended to engender a situation in which results' monitoring ran in parallel with the arrangements for strengthening MDAs' financial accountability. It is only now that the need for linkage is being seriously addressed.

Second, the technical focus of the planned monitoring activities was skewed in a definite direction by the discussion of HIPC2 indicators that took place immediately prior to the PRSP design process. The PMMP contains a best-practice outline of the required scope of a PRS monitoring system, which may be paraphrased as follows:

<i>impact indicators</i>	for tracking progress towards the overall objective of the strategy
<i>outcome indicators</i>	relating to intermediate targets, more closely related to the actions proposed under the PRS;
<i>proxy indicators</i>	indirect measures of impact or outcome;
<i>performance or output indicators</i>	tracking the progress in the action programme specified in the PRSP more directly;
<i>input indicators</i>	sufficiency and timeliness of resource allocation

However, in the document this is immediately followed by the statement that Tanzania's poverty monitoring system emphasises measurement of impact, outcome and proxy indicators, to which is added: 'The tracking of output indicators is adequately covered in the sector programmes, which have monitoring mechanisms in place for this purpose'. It is then pointed out that the list of Poverty and Welfare Monitoring Indicators prepared by the VPO in 1999 – anticipating what were expected to be the requirements of the HIPC2 initiative – was used as a reference document in selecting the indicators for the PMS (URT, 2001: 7-8). The indicators in question are entirely of the first three types in the above classification.

As we shall suggest in the next section, this restriction on the scope of the PMS is problematic in the context of the fact that the principal outputs of the PMS are annual progress reports (APRs) on PRS implementation submitted to government and the staffs of the IMF and World Bank. It is also odd in view of the stated desire of donors in the country to rely mainly on the APRs in justifying annual disbursements of budgetary support and assuring their head offices that PRS implementation is on track. For now, we just notice that the dead hand of international thinking about HIPC triggers had a visible effect on the emphasis of PRS monitoring in Tanzania, as it did on other countries.<sup>11</sup>

What we suggest here is that the international climate of debate around the second HIPC initiative steered country-level thinking towards the idea that a results-oriented approach to poverty reduction implies a monitoring approach that is heavy on quantitative measures of outcome and impact. Despite the fact that the HIPC triggers finally agreed in Washington for most countries contain a mixture of outcomes and policy actions to be undertaken, nothing much has been done to reverse the effects of this initial steer. In fact, under the influence of the international industry around the Millennium Development Goals and the European Union's results orientation among others, things have been done that have reinforced the initial steer.

This is probably the assessment that needs to be made of the fact that a major activity of the PED in 2002 was negotiating an expansion of the original list of 40 outcome and impact indicators to comply with requests from the Bank and the EC. This raised the number of Poverty Monitoring Indicators to around 60. At best, this diverted attention from the important business of preparing APRs and getting the APR format right from the point of view of a PRSP philosophy stressing country commitment and accountability, strengthening results-oriented incentives and enabling a better development partnership.

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<sup>11</sup> We found a similar ambiguity in the equivalent Uganda PMS strategy documents, with a commitment in principle to whole-chain monitoring being accompanied by a practical stress on some easily-identified indicators of outcome and impact as the real business of the PMS (Booth and Nsabagasani, 2004).

In 2004/05, PED is again under international pressures of what seem to us an unhelpful sort. This time it is coming primarily from the UN system, and calls for an already over-stretched team to devote substantial effort to making PRS2 fully MDG-compliant, which is taken to include undertaking a major costing exercise on the new cluster strategies. This sort of thing does not have a place in the approach to improving the functioning of the PMS that is favoured by this paper.

### **3.2 Recognised problems**

The PMMP itself identifies many of the challenges to be tackled by the institutional arrangements proposed. Several of these are still challenges in 2004. We found quite a high degree of consensus among interviewees and in the discussion papers that while parts of the institutional framework have worked well, others are in need of greater efforts to tackle generally recognised disappointments.

#### *Surveys, censuses, analysis and research*

At the start of the NPES/PRS process, Tanzania found itself in poor position with respect to the measurement of poverty impacts, with major comparability problems between household budget surveys limiting the assessment of trends until 2001. The major investment that has been put into surveys and their (re)analysis since the 1990s has, however, altered the picture. With the pre-scheduled Demographic and Health Surveys complementing the HBS, Tanzania can now count itself quite well served in terms of the generation of comparable data on impacts. The problems that remain with these major surveys and with the census have much more to do with the misconceived notion that they can be a basis for annual progress reporting than with the production or the utilisation of the data.

Although capacity is fully stretched, the analysis side has been well served by members of the Research and Analysis Working Group of the PMS. This group has benefited from the support of respected research units like REPOA and ESRF, and a number of able individuals, including some expatriate technical assistance from organisations such as Oxford Policy Management. Its principal product, a national Poverty and Human Development Report, has been produced annually since 2002. It is of high quality. It does not conceal the alarming evidence of stagnant rural living standards, despite moderate per capita growth, in the 2000/01 survey report, and includes some excellent discussion of the implications for policy.

The two issues of the PHDR provided a solid basis for the recent revision of the PRS. It has also been drawn on heavily by the VPO in preparing its review of progress in the ‘priority sectors’ of PRS1 for the APR. However, the PHDR itself points out that the data it works with are mostly quite unsuited to annual reporting. The same is almost certainly true of the participatory poverty assessment recently completed under the auspices of the R&AWG (2004). Like the two previous exercises on a similar scale in Tanzania (Narayan, 1997; Shinyanga, 1998), the PPA provides a basis for rethinking some of Tanzania’s basic policy options but not for monitoring on an annual basis. REPOA’s Policy and Service Satisfaction Survey (see Cooksey and Mamdani, 2004) yields information that more relevant to assessing changes in performance, but has the limitation that it is not linked to specific performance-enhancement plans.

Together with responding to ad hoc requests for attention to particular topics – such as those raised by NGOs during the (since 2002) annual Poverty Policy Week – the PHDR takes up of most of the resources of the R&AWG. This is recognised as a problem. The Group spent some time initially drawing up a research agenda, but it has not yet been able to devote significant time to it.

## *Routine data systems*

Routine data systems are rightly regarded as key components of any PMS that is understood to be tracking a strategy for poverty reduction. Without an ability to track progress in increasing or altering the composition of sector outputs and intermediate outcomes, a PMS has little chance of detecting whether or not the final goals of the strategy are likely to be achieved. As emphasised in the case study of the PMSs in the Latin American Countries (Couduel and Regalia, 2004), tracking intermediate (input, process and output) indicators is essential to the role of PRS monitoring arrangements in feeding useful information back to decision takers. It is key to promoting evidence-based policy, and thus also to building partnerships in which external actors increasingly place their trust in country systems. Yet the tracking of intermediate indicators relies to a very important degree on routine data systems – administrative and financial reporting, and Management Information Systems.

Some of the recognised problems with routine data in Tanzania are identical to those in other countries. Tanzania is no exception to several general rules about routine data systems:

- the data they generate are typically facility-based, and will normally need to be complemented by population-based information from censuses, sample surveys or sentinel sites (Booth and Lucas, 2002);
- there are large questions about the completeness and/or reliability of the reporting in some or all sectors as a result of skill or incentive deficiencies among data providers at the base;
- in some sectors, definitions of indicators are inconsistent;
- coordination is poor even within sectors, and more particularly between line ministries and the local-government system, with the consequence that some monitoring activities are undertaken that either duplicate other activities or serve no clear purpose;
- this results in unnecessary reporting burdens on the immediate providers or facilitators of information;
- local analysis for local planning purposes is generally absent, as is feedback of analysed data to providers, so that a potential source of motivation to provide accurate information is lacking.

Several of these issues are identified in the section of the PMMP on routine data. Apparently they have not gone away. Approaching the matter from the data end, the following problems are noted in selected sectors.

In Health, good, but slow-moving, impact data are provided by the DHS, the HBS and the census, but information becomes very patchy and unreliable when we move to the outcome level in order to try to explain the impact trends. The principal problem here is with the routine reporting that forms the basis of the Health management information system (HMIS). The data collected are reckoned to be voluminous but incomplete and unreliable by sector specialists, very likely because of the weak incentives that facility-based staff have in delivering timely and accurate reports. This adds to the inherent limitations they have from being facility-based.

Population-based sentinel-site operations have compensated for these deficiencies to some degree in recent years, but they provide non-representative statistics and sometimes reflect the results of particular, localised interventions (URT, 2003: 46). At least one large sentinel-site project (the Adult Mortality and Morbidity Project) has recently come to an end without being adopted by the Ministry of Health. There are plans afoot to introduce an extended and more representative network of sites using international funding for HIV/AIDS activities. This may improve the data but runs the risk of subordinating the national monitoring system to the needs of a succession of vertical initiatives from outside Tanzania.



In Health, therefore, the problem is not just that there is no clear tracking of sector policy implementation, but that some of the most elementary information about sector outputs and outcomes is missing. This sector-specific scandal is part of what stakeholders consider something of a crisis in the whole routine-data area of the PMS, the remit of the Routine-Data Working Group (RDWG).

Another dimension of the crisis is duplication and resulting waste and over-load. In Education several different authorities within the sector collect data from schools. The current situation is that schools are also reporting some of the same information to the monitoring system of the Local Government Reform Programme, supervised by the President's Office (PO-RALG). The LGRP M&E plan calls for the collection of data on 80 key indicators of basic service quality in the five priority sectors of PRS1. Overlap between the LGRP and line-ministry monitoring is characteristic of the routine reporting system nationwide.

This means that staff employed by the different information systems are being deployed in a wasteful fashion. It also means that the providers of information in the facilities are being overloaded with reporting obligations.

Rarely are data providers compensated by having access to or use of the analysed data. The LGRP aims to make possible a limited degree of local analysis for local planning purposes if and when it achieves the full roll-out of its plan to village, ward and district levels. The HMIS is in the process of providing computers to one member of each District Health Management Team, which would also make possible some local analysis. The EMIS is at an earlier stage in terms of hardware distribution, but is said to be encouraging District Education Officers to estimate some of the basic ratios themselves, using calculators. However, all of these initiatives are more intentions than realised changes.

It seems, from a rapid review, that the routine data gaps are not exactly the same across the sectors. For example, the PHDR reports the general view that the statistics collected by the Ministry of Education and Culture from schools are reasonably complete and reliable (in contrast to those for Health). However, those data – on enrolment and survival rates, etc. – are heavily used as proxies for educational impact. The important gaps are therefore both above and below the level of enrolment and survival rates. At one end, as the PHDR points out, there is a need for more direct assessment educational impact (a topic for cross-national educational research perhaps). At the other end, we know scarcely anything about whether the education sector is managing its resources as well as it could, by relevant standards.<sup>12</sup>

Routine data may be patchy and unreliable in sectors such as education and health, but this is nothing compared with the position in other vital areas, such as agriculture. The PHDR reports that there are 'no' data on trends in access to markets or satisfaction with agricultural extension services. In the evaluation of the PRBS programme (Lawson et al., 2004), a quick assessment was made of progress in creating an enabling environment for poverty-reducing growth. The review of the budget-support Performance Assessment Framework was a useful source of evidence on the subject, but relevant data from routine Tanzanian sources were not to be found, or at least were not reported in the APR.

### **3.3 Current proposals for reforming the PMS**

Current proposals for addressing the troubles in the routine-data area and other difficulties with particular areas of the PMS revolve around adjustments in the management of the pyramid of

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<sup>12</sup> In researching the outcome level for the evaluation of PRBS (Lawson et al., 2004), the consultants were unable to find in the PRSP APR or other outputs of the PMS any evidence of whether better policy thinking is leading to better sector management, and whether the Ministry has remained on track, year by year, in taking the required steps.

committees and technical working groups that was set up under the PMMP. As we have said, the PMMP has had some noted successes, including some rationalisation of the survey programme and the outputs of the Research and Analysis Working Group. However, several snags have arisen with various of the other components.

### *Dissemination, sensitisation and advocacy*

Some of these relate to the role and location of the Dissemination, Sensitisation and Advocacy Working Group, an innovative idea but one that has disappointed many observers (Samji and Sampson, 2003). Having a distinct working group for these tasks makes good sense, because problems of data quality are almost irrelevant for domestic policy purposes so long as planning offices lack awareness of the evidence that exists and the potential for using it to improve policies. In other words, there is a specific job to be done in linking up the potential data user with the sources, and helping to generate a culture of evidence-based policy thinking. In practice, however, the DSAWG seems to have done a fair amount of dissemination and not a great deal of related sensitisation or advocacy. Some of the other working groups see it as redundant, having served principally as a 'mail-box' for the glossy reports produced by them.

Observers put this down to an unsuitable group composition, and the location of the responsibility for convening the meetings and overseeing the implementation of their decisions in the already heavily-overloaded PED. These factors will no doubt be addressed in the current PMS review. One possibility being considered is that of outsourcing more of the particular tasks that would be worth undertaking, such as preparing professionally written briefs based on the PHDRs. However, the search for solutions of this sort should be accompanied by realistic expectations regarding the wider problem of data awareness and utilisation.

Like other issues reviewed in here, this problem is not going to be resolved merely by re-jigging the arrangements within the PMS. The obstacles to greater data use are not in a proper sense cultural, but arise from the incentive structures within government. There no doubt are some useful promotional activities that could be undertaken, but it is more likely through the reform of the Budget Guidelines, as previously discussed, that the motivation to use more evidence on results will come, and sensitisation can only be expected to facilitate this process.

### *Censuses and surveys*

The survey programme is under the supervision of a Surveys and Censuses Working Group, which is chaired by the National Bureau of Statistics. The management seems to be efficient, but there are some concerns. Some observers see the programme as still heavy donor-driven, with the executive-agency status of the NBS tending to enhance its tendency to become over-extended, rather than protecting its programme from disruption.

### *Routine-Data Working Group*

A more serious challenge has been posed, almost from the outset, by the functioning of the Routine-Data Working Group. Over a number of years, this group has largely failed to deliver the coordination of routine data collection that is the core of its mandate. Among the immediate causes are problems with the frequency and chairing of the group's meetings, which have been the responsibility of PO-RALG. Meetings, supposed to be fortnightly, have been frequently cancelled or poorly attended. According to some sources the root problem is that PO-RALG is coordinating a major reform process in local government and tends therefore to regard this additional coordination role as secondary

(Nokkala, 2004b: 6). It is also based in the official capital, Dodoma, whereas several of the main line ministries are in Dar es Salaam.

Some of this may be about to change. A ‘Strategy for the Rationalisation of Routine Data Systems for Poverty Monitoring’ (PO-RALG/VPO, 2004) was discussed and agreed in October 2004 by a reasonably well-attended meeting of the Routine-Data Working Group. This document is very ambitious in some respects. It proposes funding for capacity-building in data collection and use down to the village/neighbourhood level, within a fully integrated system coordinated by PO-RALG.<sup>13</sup> Indeed, one of its main purposes is to secure funding from the National Poverty Monitoring Steering Committee for this programme, which was refused in 2003 on the grounds that no strategy for routine data systems had been agreed.

The strategy is not very clear-sighted about eliminating duplication, or about improving data quality other than by means of a massive training effort. However, a number of promising moves have been made on duplication, and these are reflected in the document. Following a February workshop, a high-level meeting of decision-makers from the Ministry of Health held in August 2004 agreed a formula for harmonising the health indicators in the HMIS and those in the Local Government M&E System. In October, a similar meeting was expected in Education. A consensus seems to have emerged on ensuring that in the immediate future, no indicator is reported by more than one channel.

For the time being, sector ministries will be expecting information on a wider range of indicators than the core set that are the focus of the local-government system. However, the view from the Local Government Reform Programme is that this will be a transitional situation. In the longer run, what is expected is that the LGRF arrangements will expand to cover the full range of data-collection requirements at local levels, with ministries limiting themselves to research. This is somewhat controversial, as the reporting officers (e.g. District Education Officers) are employees of local councils – they are not answerable to PO-RALG any more than they are to the line ministries. However, the issue is not due to be settled any time soon. The roll-out of the arrangements for dealing with the 80 core measures will be sufficiently challenging for some time to come.

In short, some of the most serious and obvious duplication problems are probably going to be solved without much further ado. However, data quality will certainly pose a more difficult challenge. One of the outcomes of the RDWG in October 2004 was an agreement that the National Bureau of Statistics would take a hand in boosting the secretariat of the group, consistent with its mandate for guaranteeing statistical standards across government. But it is not clear how much difference this will make on its own. A source of difficulty with the idea that data-quality problems can be addressed by further efforts on the part of the RDWG (or indeed by training) is that the members of the group are stakeholders in the current arrangements and do not themselves have any powerful incentive to make the kind of changes that may be needed. This is a major theme of our discussion in the next section.

The PMS review is expected to focus on these problems in the PMMP structure and related issues. A number of proposals are on the table, including inviting different officials or departments to take responsibility for convening particular groups, and possibly merging others.

### *Overall coordination of monitoring*

Not all of the proposals under consideration are directed towards tidying up the technical working groups. At the apex of the system, the PRS Technical Committee is nominally responsible for key

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<sup>13</sup> A budget of around \$1 million is requested for training of Village Executive Officers, health managers and ward-level Agricultural Extension Officers. Training at these levels is seen as essential to improving data quality.

outputs such as the APR, but has lacked clear terms of reference. It was at first rather tentatively chaired by an official of the Ministry of Finance, although observers have noticed improvements in the last year or so. The Poverty Monitoring Steering Committee is thought by some to be too large for the chair (the Permanent Secretary, VPO) to manage effectively. The overloading and understaffing of the PED, given its simultaneous responsibility for coordinating the PRS process and managing its monitoring, has been an issue for several years.

The option of restricting PED's mandate to monitoring, with a different body taking over the coordination of the plan process, may well be proposed, although it will have political ramifications. The idea is attractive as a solution to the problem discussed in the last section, where the PRS process is working in parallel with a Medium-Term Plan process led by PO-PP. However, it would be unwise to address the problem in a merely administrative way. As we shall argue in the next section, the more important question is how planning, and therefore monitoring, can get into a better relationship with the budget process, which is the key to changing policy makers' incentives.<sup>14</sup>

The PMS review should address these issues, and may find solutions to some of them. However, it is to be hoped that there will also be consideration of the underlying challenges we discuss in Section 4, and of the recommendations that follow. We do not think that the above agenda is mistaken, but we do think it is incomplete.

### *The APR/PAF relationship*

Last but not least important is the matter of the focus of monitoring attention within the PMS, and particularly how this might change as a result of the PRSP's revision. VPO proposes to adjust and refine the indicators and targets with which it has been working. As we have already indicated, it is likely to be under strong pressure to do this in a way that maintains an emphasis on the outcome and impact levels and is driven more by international-agency concerns than the needs of tracking whether the new PRS is making a difference to policies and practices in the Tanzanian government system.

One of the widely-acknowledged challenges that should be set in the balance against the need to keep the international agencies happy is that of improving the relationship between the PMS's flagship product, the APR, and the reporting that in-country donors consider the minimum for their purposes. As we have said, the monitoring matrices of the first PRS were heavily skewed towards measurable rates and ratios relating to outcomes and impacts. In the social sectors, key sectoral inputs and outputs, such as pupil-teacher ratios and safe water sources per head of population were included. But there was not a strong focus on the kind of actions and immediate results that could be expected to show marked change on a year-by-year basis and to be useful for management and accountability purposes.

The APRs submitted to the Bank and the Fund have made efforts to report progress on as many links as possible in the chain from PRS inputs to final impacts. However, as in Uganda, this could only be relatively unsystematic, because for most sectors there was no formally recognised logical framework or similar statement of the intended chains of causation. The dominant orientation of the PRS monitoring system could therefore be said to have remained focused on the tracking of outcomes and impacts.

The PAF/PRSC, on the other hand, was from the outset mainly concerned with specific actions to

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<sup>14</sup> In the margin of this debate, UNDP and other donors who have supported PED since its inception are concerned at the continued absence of a workable exit option. Plans to absorb the donor-funded staff into the civil service have been much discussed but are fraught with difficulty. The topic is regarded as sufficiently important by budget-support donors that there is a benchmark relating to it in the PAF matrix.

be taken with a view to improving the functioning of public institutions, with a broad indication of how each measure would contribute to PRS objectives. The focus on actions is based on the broadly correct perception that these are the things that are most importantly and usefully monitored on an annual basis.

As with the joint policy matrices used in other PRSP countries, there is a view that the current PAF matrix is bad for country ownership. On this view, it should become less focused on actions to be taken, and more so on results, leaving the government more free to design and schedule the specific actions taken to obtain those results (Nokkala, 2004a). However, both within and outside government there is a lack of confidence that the pace of policy change would be sustained without the matrix, a particularly crucial role being played by the items printed in bold type that are prior actions for Bank disbursement.<sup>15</sup> Therefore, there are grounds for looking more closely at why the APR does not have the features that would allow budget-support donors to rely on it to a greater extent, and how a change in this situation might be achieved.

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<sup>15</sup> In the budget-support evaluation, it was striking how many of the recent steps to improve the climate for pro-poor growth in the country had been identified as Bank prior actions in the PAF. Most of these may also have been components of President Mkapa's political agenda, which may help to explain why they were implemented. On the other hand, recognising that domestic political commitment is necessary for this type of conditionality to work does not quite add up to an argument for viewing it as redundant (Lawson et al., 2004).



## **4 Analysis: successes, limitations and challenges**

Having described the PMMP and the current diagnosis of its successes and troubles, in this section we take a more analytical approach. The argument is organised in terms of the larger issues posed by the design of PRS monitoring. There are three principal sub-headings, corresponding to the expected contributions of PRS monitoring to the PRSP ‘project’ as set out in the Introduction:

- enhanced country ownership of poverty-reduction policies;
- greater results orientation in national policy processes; and
- the conditions for development partnership.

The first sub-section includes a discussion of the large institutional questions posed by the current shape of the PMS. The second deals with the main issues regarding supply of and demand for information, including alternative approaches to improving data coordination and quality. The third includes the relationship between national and donor reporting needs. Section 5 presents some general conclusions and sketches the elements of an alternative approach in Tanzania.

### **4.1 Country commitment and accountability (ownership)**

We ask first how well the PMS is contributing to country ownership of the PRS, and under what conditions it might do so more effectively. A different and subordinate question is whether the PMS itself has been regarded as country-owned, or as an externally-driven requirement.

There are two alternative ways of addressing this type of question. One is to take it as a simple matter of perception, resting on the literal testimony of different sorts of stakeholders and on expressed feelings of ownership or alienation. We suggest that this is not a solid basis on which to make judgements. The PRSP project is not about stakeholder sentiments but about institutional arrangements that do or do not strengthen mainstream policy processes, the attitudinal reflections of which will be complex and not easy to interpret.

We have already said several things about attitudes to planning for poverty reduction in Tanzania. They have the effect that receptiveness to the PRS is not a very telling measure of whether it has made any difference to the prospects of the implementation of measures that help poor people. Something equivalent can be said about the PMS, in view of its very traditional and comfortable emphasis on tracking results for which no one in particular can be held responsible. At both levels, what would really make a difference to levels of commitment and accountability within the country would be for the very recent and quite tentative initiative to link negotiations over budget allocations to results-oriented ‘cluster’ strategies to be fully consolidated. In short, a previously neglected dimension of country ownership may be about to be addressed.

### **4.2 Results-orientation and use of evidence in national policy processes**

Tanzania’s PMS has been characterised by a much-improved supply of information on poverty impacts, but the quality of administrative reporting has left much to be desired. There are also weaknesses on the demand side, and efforts to address this by establishing a working group for Dissemination, Sensitisation and Advocacy have not so far led to notable results. The question is what sort of action would be most likely to work in addressing both sets of problems.

### *Supply-side problems: the need for realism*

It is hard to over-emphasise the importance of not treating the coordination of monitoring as a merely technical or administrative challenge. As we have also said in our paper on Uganda, the reasons that poor coordination and duplication of effort exist arise from the incentive structure of the civil service, which affects planning and monitoring departments no less than other MDAs. Monitoring activities are important to MDAs and their staff because, in addition to justifying staff salaries, they often result in the payment of per diem allowances for inspection visits and other travel and attendances. Allowances are a major source of earnings for many civil servants.

The tendency for monitoring to be interesting because of the funding attached to it plays out differently in two types of government monitoring office. On the one hand, there are the 'elite' systems, such as the MISs in Education and Health, where corporate and individual interests are bound up with the prestige and excellent facilitation, in addition to allowances and travel possibilities, that come from donor project support. In this situation, there may be no major inefficiencies, but the MDA will definitely be concerned about initiatives to achieve overall rationalisation of the M&E system of government that would reduce the scope or complexity of their systems.

The more typical planning office, on the other hand, is starved of protected government funding, because it has not been defined as 'pro-poor'. It may also get little project or common-basket support from donors. In those conditions, units may be expected to hang on tight to any monitoring budgets and opportunities to earn allowances that may be available, because they are one of the few sources of supplementary resources to which they have access.

### *Incentives and territory*

We suspect that much of the duplication that has been found in Tanzanian M&E is underpinned by the prevailing 'political economy' of incentives in these ways. One informant spoken to in the parallel study in Uganda compared the expected behaviour of those running monitoring activities with that of male dogs, who mark out their territory and warn off interlopers by urinating on trees. The implication was that fresh coordination efforts would quickly come up against problems of territoriality.

Territoriality is not just about government but also about donors. There are still a very large number of donor-funded projects in Tanzania, and donors typically take M&E and their particular approach to it quite seriously. This adds to the range of M&E interests impinging on the national system at various levels.

The point here is not to suggest that better coordination is not needed. Nor do we want to imply that with more aggressive prompting and prodding it would be impossible to eliminate some of the more serious irrationalities in the current arrangements (the overburdening of local authorities and service outlets by multiple reporting, for example). The point is about method. If the political economy approach to better coordination has merit, what it suggests is that those wishing to promote a rationalisation of the system should choose to do so in institutional contexts and on terrains of battle where the incentives are most favourable.

We suggest first that to address overlapping, overgrown and non-functional reporting or inspection systems by bringing together the people responsible for creating them is likely to prove a rather blunt instrument. Most information systems generate vested interests; those in government systems where salaries are unremunerative and 'allowance culture' prevails are to be taken particularly seriously. We see no reason to doubt that this is the case in Tanzania.<sup>16</sup> It is generally recognised in discussions



of poverty monitoring that cultivating the habit of information-use in policy making is a matter of transforming incentives in government departments. We would add that the reasons why incentives to use data are currently weak are also the reasons why there is resistance to rationalisation in the production of data. In the search for a way forward, the same arguments apply.

Committees and workshops attended by monitoring people and devoted to the discussion of monitoring do not strike us as a battle terrain that is favourable to rationalisation.<sup>17</sup> All of the incentives are stacked against it. In such contexts, there are also likely to be strong pressures to adopt false solutions such as unnecessarily ambitious training programmes,<sup>18</sup> using plausible-sounding technocratic arguments about capacity bottlenecks. Given typical patterns of donor behaviour, in which almost any plausible-sounding technocratic argument is likely to get financial support, the opportunities for outcomes that actually add to the data-gaps, duplication and waste in the system would be considerable.

### *The alternative*

The alternative involves a) having realistic expectations about the degree of rationalisation that is likely to be possible in the short run, and b) recognising that in this as in other important respects, the problem of monitoring cannot be solved on the terrain of monitoring.

What we are saying here about coordination is similar to what has become widely accepted concerning the demand for the generation and use of relevant, high-quality data in policy making. The demand will only arise out of the progressive growth among planners and their political bosses of incentives to improve policies by reference to evidence and analysis. The focus in improving monitoring therefore needs to be on the interface between monitoring and decision making, particularly those parts of it where the incentives to results-based thinking are strengthening. This should determine the entry points – the choice of terrain – in efforts to tackle the coordination question.

In the long term, there may and hopefully will be a growing tendency for Tanzania's politicians to become more performance oriented when in power or leading opposition in parliament. If this were to happen quickly, producing a more activist cabinet or parliament or both, it would send more powerful stimuli to change than the budget-process improvements could possibly do. However, progressive political change is uncertain, and in the meantime it is wise not to assume it. That being the case, the further evolution of the Budget Guidelines/MTEF and associated sectoral and local-government policy-making processes seems to offer the best prospect of effecting a substantial change in the incentive structure within MDAs and the civil service.

### *Implications for PED*

What, then, should be the role of the PMS secretariat when it comes to the coordination of data supply? We are unable to go into detail, and it would not anyway be appropriate to do so. But two things are clear.

First, it needs to target **reachable objectives** in the improvement of data supply and demand. In

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16 The lack of attendance allowances was given as one of the reasons why the meetings of the RDWG have been attended infrequently.

17 We would distinguish rationalisation from the type of gains from exchange of information and experiences that such meetings can generate. Such gains are not insignificant, but they do not transform institutions.

18 And more workshops! Out-of-town workshops are particularly valued because they pay expenses and allowances. In Uganda, one estimate says that the typical kick-back to workshop organisers from workshop venues is of the order of 10-15 per cent of the bill.

tackling the significant weaknesses of this effort so far, great care should be taken not to trade bad for worse (e.g. addressing duplication with training in systems that result in more duplication).

Second, it should **not attempt a frontal assault** on poor coordination and quality using the TWG structure, as this is the least favourable terrain. Instead, it should conduct the civil-service equivalent of guerrilla warfare, moving its efforts back and forth between the several battle sites where the incentive structure is more favourable – the Budget Guidelines and PER processes, sector working-group sessions and sector reviews, the implementation arrangements for the LGRF, and the PAF review. What distinguishes those arenas is that there is leverage. Requests for information or analysis of a certain quality are backed by the release conditions attached to funding.<sup>19</sup> In these contexts, joint efforts by PED and Finance could put pressure on MDAs to improve and rationalise their reporting systems.

Incentives are currently weak or even perverse because resource allocation decisions are not strongly affected by performance. The PRBS evaluation (Lawson et al., 2004) has suggested that some progress is being made in this respect. On the other hand, it has also pointed out that the challenge function in the budget is not yet operating well. As a consequence, the incentive to seek high-quality information and use it to design a sector or district strategy and make a case for its funding is not well-developed. Nor is the scope for efficiency gains much explored. The initiative that is being taken in the current budget cycle, requiring MDAs to justify their MTEF requests at the Budget Guidelines stage by reference to the Cluster Strategies of PRS2 and/or an agreed sector strategy is a substantial step in the right direction.<sup>20</sup> However, its impact will be limited by the very large volume of donor funding that is not subject to this process, as discussed previously.

Sector strategies and the associated common-baskets and joint working groups are an alternative source of change in incentives. These are in many cases still rather loose affairs in Tanzania. But potentially, they have in common with the budget process that within their ambit, decisions about the generation and use of monitoring data can be motivated by resource-allocation decisions. Something similar may be true of the PER sector working groups (which will have an opportunity to reorient themselves following the PRS revision) and the PAF review process.<sup>21</sup> The PMS secretariat needs to see these kinds of groups as clients or customers, and as allies in the improvement of reporting systems.

In any one of the arenas just mentioned, the incentive structure will be quite a lot more favourable to improving the quality and availability of relevant information than an arena composed mainly of monitoring specialists. In describing the technical working groups of the PMS in this way we are reflecting what we think has become the reality. The original idea was that each TWG, as well as the national Poverty Monitoring Steering Committee and – most importantly – the overarching PRS Technical Committee would be ‘interfaces’ between data producers and policy makers/data users. However, within months of its inauguration this system was suffering from attendance problems, particularly on the user side (Evans and van Diesen, 2002: 9). Reinvigoration of the PRS Technical Committee was a ‘must’, but not proving easy to achieve, for the PED in 2003 (VPO, 2003: 5)

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19 Contrast this with the remark, made not entirely in jest, by one of our sector informants: ‘if the poverty-monitoring fellows speak nicely to us, we give them data for their purposes’. University lecturers and two UN agencies were listed as users of the sector’s data ahead of the PMS.

20 The initiative uses Access-based software, which has been dubbed the ‘PRS-based Budget Allocation System’. The task for the sectors has been simplified by means of some pre-selection by MoF of the PRS ‘cluster strategies’ that correspond to particular Votes in the budget classification.

21 The PRS design and revision processes are, in contrast, not sources of similarly strong incentives towards policy improvement because of the absence of a link to resources.

## *PED and MoF*

The main work of linking up what happens across government in a way that increases the pressure for better policy will of course fall to senior officials of central ministries, such as Finance. It is not suggested that PED staff could or should be the leading brokers of change. It does seem to us, however, that those with responsibility for the overall performance of the PMS should be focusing their efforts relatively more on these policy-making arenas, and relatively less on the components of the PMS itself. As suggested in the most recent Joint Staff Assessment on the PRS APR (IMF/IDA, 2004), there is scope for the monitoring system to use and disseminate more of the data generated in policy-level debate (which we assume refers particularly to the annual PER sessions). But even more important, it is from these arenas that real pressure for the rationalisation and improvement of data systems is going to come.

This approach – modest in its aims and smart in its methods – would also be the best for advancing the other side of the promotion of evidence-based policy, that of demand for and utilisation of the outputs of the PMS. This is another crucial topic.

## *Fostering demand for data and analysis*

PRS monitoring cannot be detached from the rather long, slow process of building an incentive structure that is more performance-oriented. There are no shortcuts in this process. However, in the meantime there is much to be said for using the PMS to generate information that is in principle relevant to policy learning and accountability. This is not just a matter of data quality and completeness. It also involves the question of the type of data that are focused upon for different purposes, where ‘type’ refers not to quantitative-versus-qualitative or routine data versus survey data, but the points in the chain of results – from inputs through outcomes to impacts.

This choice of focus is critical not just from the point of view of policy learning and accountability to domestic stakeholders. It also has a strong bearing on the partnership dimension of the PRSP project and the prospects for aligning the PAF more closely with national performance-assessment systems.<sup>22</sup>

Chapter 6 of PRS2 commits the PMS to monitoring comprehensively the resources, activities and short-term objectives, specific aims/outcomes and broad outcomes/goals of the strategy (VPO, 2004: 46). In our view, this is a reasonable long-term ambition. If it were really possible to track the realisation of the PRS through each of these levels, focusing on the critical annual changes for annual monitoring purposes, and the more slow-moving indicators of successful implementation at slightly less frequent intervals – then a powerful learning tool and accountability instrument would have been provided. Under those circumstances, it would certainly be churlish for budget-support donors to insist on checking-up on policy actions by means of a separate instrument.

The trouble is that the policy making has to be good enough to support this intensity of monitoring effort. For each of the Clusters of PRS 2, there would need to be a fully worked-out Logical Framework or the equivalent. Truncated Logframes which are highly elaborated at the outcome end, but non-specific about what needs to be done and about timetables and benchmarks for doing it, would not be sufficient.

We need to recognise here that the quality of the policy thinking that has gone into PRS 2 is high

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<sup>22</sup> Our argument on this point seems quite close to the viewpoint of Nokkala (2004a)

compared with the past.<sup>23</sup> The Cluster Strategies provide, at least, a useful itemisation of the main intermediate goals of the sectors. However, there is a lot of space between this and a complete strategy. Filling the empty spaces will take time. The new PRS has taken a more strategic approach, drawing in some cases on more coherent and elaborated policy statements from the sectors. This is the cluster idea. However, it has not generated its own Policy Matrix. This misses a major opportunity for a closing of the gap that has existed between PRS monitoring and the PAF review. We return below to the reasons why we believe such an opportunity should be created in the near future.

In Tanzania, as in some other PRSP countries, the APRs which constitute the main outputs of the monitoring system have tried hard to do a good job of providing useful annual feedback to both domestic stakeholders and donors. However, they have tended not to satisfy anybody with their rather unsystematic mix of updating on long-term impact evidence and reporting of government activities around the PRS during the year. What APRs have lacked – and budget-support PAF reviews have stepped in to provide – is tough and telling monitoring of the key policy measures that have been agreed as necessary to sustain the momentum of change towards the meeting of poverty-reduction objectives.

### *Dependence of monitoring on planning*

The PED, as the PMS secretariat, cannot be expected to get out of this situation on their own. It is certainly not of their making. Experience in neighbouring countries suggests that the necessary improvements in the rigour and consistency of policy will come most easily from a good sector strategy process, which can be used to enrich the PRS revision at the next iteration. Such thinking may well be going on in the policy dialogue and strategy processes in some Tanzanian sectors already. In that case, the next step will be to articulate what has been agreed more formally, so that it can become a focus for a monitoring arrangement geared to lesson-learning and accountability. The immediate priority, however, should be to get agreements on specific, time-bound action-commitments, of the kind that typify the PAF, for all or most of the Cluster Strategies in the PRS2 matrix. In other words, what is needed is a Policy Matrix for the PRS.

We are aware that the APR has usually been accompanied by an annex labelled ‘Policy Matrix for Poverty Reduction Strategy’. However, those have been tabulations of actions being considered in the light of the reported progress towards objectives in the course of the year. They have not been agreed commitments to be monitored as such. Anyway, many of the actions listed look much more like the new Cluster Strategies than like the policy actions of the PAF. Therefore, what we are proposing would definitely involve a new departure.

It retrospect it may be a pity that the PRS review did not set out, like the 2004 Uganda PEAP revision process to generate a policy matrix to accompany its results matrix. Quite possibly, the process was already over-ambitious without this additional element. The main point is that the PMS review should adopt a clear perspective on this challenge, and set its sights on addressing it in the not-too-distant future. This task is a great deal more important than any of the activities currently being planned whose *raison d’être* is to service the needs of the UN system in managing the MDG review.

As a medium-term objective, then, the PMS should be helping to promote and then to capitalise upon significant improvements in the content of sector plans and other policies within the scope of the PRS. Policy content should be developed to the point where it can be rigorously monitored on an annual basis. The data issues and incentive problems reviewed above should be addressed, but in a way that

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<sup>23</sup> There are some major anomalies, however, such as the fact that what is in the cluster strategies relating to agriculture does not seem to be consistent with what has been agreed as the strategy at the sectoral level with donors..

recognises the fundamental dependence of monitoring on planning.

### 4.3 Partnership and aid alignment

This argument, if sound, has implications for the current donor thinking about the future of the PAF. The argument about the PAF is currently rather confused. On the one hand, there is an initially appealing argument – based on the Rome principles – for making the PAF more results-based and less exclusively focused on necessary policy actions, so that governments can be left space in which to formulate their own policies and learn from experience.<sup>24</sup> Some process concerns might need to be retained, but these could be handled with a ‘light touch’ and even restricted to an insistence on respect for domestic law.

On the other hand, as already observed, budget-support donors are generally quite clear that the outcome monitoring that tends to be prioritised in PMSs and to predominate in PRS Annual Progress Reports is virtually useless for their own accountability purposes, and therefore not likely, either, to serve well the purposes of accountability to domestic stakeholders. This is why, in an increasing number of countries, we have separate Performance Assessment Frameworks and/or PRSC policy matrices (SPA, 2003; Driscoll, 2004).

Against this background, the construction of a real PRS Policy Matrix for Tanzania would have the seeds of a significant breakthrough not only for evidence-based policy but also for better alignment of donor monitoring arrangements with country systems.

It follows that the donors<sup>25</sup> would be wise to support sympathetically the reorientation of the APR process in the direction suggested. This should be in the long-term perspective of aligning fully behind it. However, in the meantime they would be unwise to give up an instrument that has proven its worth in spurring the actual implementation of policies agreed to be important by both government and donors. Modifying the instrument so that it loses its attention to the specifics of policy action, including timing, would be to take away the feature that has made it so useful. A particular risk that should be of concern to the PRBS group would be that of being losing an instrument that has been partially successful in enticing budget-support sceptics, such as Japan, into the budget-support ‘club’. It would be better if the APR were the way of achieving this, but that is for the future.

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24 ‘Final statement by development partners: Wrap-up of Mid-Year Review of PRBS/PRSC’, Apr 2004.

25 Particularly, the members of the new Development Partners’ Monitoring Group, and those participating in the review of the four benchmarks on M&E within PRBS review meetings.



## 5 Conclusions and lessons

This report has described and analysed institutional arrangements for poverty monitoring in Tanzania with two purposes – to provide an input into a broader study of what works and what doesn't in the design of PRS monitoring systems, and to make recommendations on the way forward for the PMS in Tanzania. The two subsections that follow draw together our conclusions in respect of each of these objectives. In setting out general lessons, we continue to make reference to three strands of the PRSP 'project' – improving country commitment and accountability (or ownership); increasing results-orientation; and promoting partnership.

### 5.1 General lessons from the Tanzania case

The problems faced in developing a PMS are to an important degree generic. Here we draw together the generic propositions that seem to be supported by an examination of Tanzania's experience with its Poverty Monitoring Master Plan.

#### *Country ownership*

We have suggested that it is better to investigate the issue of country ownership of the PRS and its monitoring in terms of institutional linkages, not sentiments or perceptions. Pursuing this line of approach, the Tanzania case continues to support the view that high-level political commitment and a close relationship to the budget are key desiderata of PRS processes. More particularly, it reinforces the idea that **monitoring arrangements can serve best to promote country commitment to, and accountability for, poverty-reduction policies where they are closely related to a politically supported and maturing budget process.** The quite significant weaknesses of the PMS under the first PRS are directly linked to the fact that the strategy itself was linked in only a rather crude and fragile way with the allocative mechanisms of the budget<sup>26</sup>

A turning point may have been reached in this regard, however. Under PRS2, a better form of budget linkage is being introduced, and this has already generated a new demand for PRS-related information. This confirms another general proposition: that the role of poverty monitoring arrangements will always be much affected by the surrounding institutions of policy-making and public-expenditure management, which may be expected to change under the influence of political and other factors. **Developing a PMS is a process, in which it will never be possible to achieve everything that is desirable in one go, and in which there will be periodically new opportunities as well as frequent setbacks.** This implies a need for sound tactics and political sensitivity as well as strategic vision.

#### *Results- and evidence-based policy making*

Strong coordination of data production has not been among the successes of the arrangements in Tanzania. As elsewhere, routine data systems not only produce information of uneven quality, but are characterised by considerable duplication and waste. A stronger effort to improve data quality and reduce waste has been placed on the agenda by the PMS review. **However, the incentive issues that are often recognised to be at the heart of enhancing demand for monitoring data in PRS countries also need to be recognised on the supply side.**

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<sup>26</sup> As with monitoring units elsewhere, it has proven hard to get donor-supported components of the system, such as the PED, fully mainstreamed into the civil service. However, this is less of a problem than the continuing lack of strong linkage between the coordination of monitoring and PRS reporting in VPO and the resource-allocation mechanisms supervised by Finance.

This suggests a clear recommendation for the way forward and things to avoid in Tanzania, as indicated below. But there is also a general lesson: **beware of seeing coordination of monitoring activities as a technical problem, subject to simple administrative solutions (reinvigorate a technical working group, agree a capacity-building programme, etc.)**. In particular, adopting such solutions without addressing the systemic incentives to defend and extend existing monitoring activities is quite likely to increase the level of duplication, waste and over-load. The better approach involves having moderate expectations, and being smart about cultivating incentive change.

**Incentives to improved coordination will come most likely from the same places as incentives to more active utilisation of data.** In Tanzania, these are the budget/MTEF (Budget Guidelines) process; the PER process; sector working groups and reviews; possibly the Local Government Reform Programme; and the joint review of the PAF. The generic point is that **what poverty monitoring can do to promote results-oriented policy will not be settled within the poverty-monitoring sphere itself, but only by the quality of the incentives generated in the wider system.**

There is, however, an important dimension of monitoring-system design that materially affects the feasibility of strengthening incentives to data use and data quality. This is the way priorities are defined in respect of the different levels of the results chain. The key point is that if the **PMS and its principal outputs**, especially the PRS Annual Progress Report or its equivalent, **do not provide the information that is relevant to policy choices and accountabilities on the appropriate time-scale, they will not be relied upon by policy makers.**

A general feature of PRSP monitoring proposals from quite early in the process was the priority given to improving final-results or impact indicators and data. Since then, APRs have paid varying degrees of attention to policy implementation and the different intermediate levels of change, but have often been criticised for a rather unsystematic mix of activity reporting on the one hand and slow-moving impact statistics on the other. In Tanzania, efforts have been made to address the whole causal chain from inputs to final outcomes in the annual reporting on the PRS. However, this has been difficult to do systematically, because the monitoring matrix of the PRS has been incomplete – a ‘truncated Logical Framework’, largely restricted to the outcome level. The key policy actions needed for the PRS to work have been itemised separately, under strong donor influence, in the PAF matrix.

There are two generic lessons here. One is that **in order to be relevant, PRS monitoring systems have got to get better at addressing what policy makers need to know.** The other is that – once again – the means of addressing this challenge do not lie within the sphere of monitoring. **It is hard to monitor plans that do not themselves reflect strategic policy thinking – that is, which do not say how the specified outcomes are going to be achieved with the specified inputs, and how the obvious obstacles are to be overcome.**

**Improvement is possible on these points.** In Uganda, the 2004 PEAP has its own Policy Matrix, as well as other notable improvements, creating an expanded field of possibilities for policy-relevant monitoring. Tanzania could reasonably expect to move forward in the same way over the next few years.

### *Enabling better partnership*

The international climate is increasingly conducive to aligning and harmonising development assistance around country efforts. An important challenge in this context is **the gap that usually exists between the outputs from country PRS monitoring arrangements and what donors believe they have to monitor on an annual basis or more frequently in order to assure their governing bodies**



**that the funds being provided are likely to produce results.** In the case of budget support, the latter concerns are increasingly reflected in Performance Assessment Frameworks or PRSC matrices that are heavily geared to tracking not results but the policy actions that are considered essential if results are to improve.

Fortunately, **closing this gap** – between the typical PAF and the typical APR – **calls for exactly the same change of emphasis as is required for gearing domestic policy-making to results.** That being the case, there are several sound reasons for wishing to see a gradual process of convergence between budget-support PAFs and PMS outputs. This needs to be based on a clear recognition of the objective basis for the current divergence – not weak capacity in monitoring units or conservative attitudes among donors, although both may well exist, but the calibre of current policy-making, at sector and other levels.

## 5.2 The way forward for Tanzania’s PMS

The guiding principle for developing Tanzania’s monitoring system in the next phase is clearly: work on the incentives that are currently weakening the system and not just on their consequences – address the causes and not the symptoms. Specifically, that means:

- PED, as the PMS secretariat, should not believe that it will make any major breakthroughs in coordination by means of the technical-working-groups, where the incentive structure is likely to prove quite unfavourable. Instead, it should use those structures cautiously and take advantage of the possibility of engaging in discussions with the policy makers in organisational settings where results-orientation is being strengthened, including sector working groups and reviews; the implementation of the new approach to the Budget Guidelines and the PAF review.
- PED and the Policy Analysis Department of the Ministry of Finance are obvious partners in this enterprise. They need to review their respective mandates and outputs, and agree a sensible division of labour. This discussion should be proactive in responding to the new conditions created by the PRS revision and the Cluster Strategy approach, with the opportunities this provides for closing the gaps between the PAF review and the government’s own monitoring. The relevant long-term ambition is to make the monitoring around the PRS matrices sufficiently robust that the separate PAF review withers away because it is no longer performing a necessary function.

The following specific recommendations seem to be justified:

- A review of the make-up and approach of the PRS monitoring system is expected following the revision of the PRS. This will be a useful opportunity to revisit a number of organisational issues that have been outstanding for some time, in several cases since the early days of the Poverty Monitoring Master Plan. However, **we recommend that the discussion is conducted in a way that distinguishes symptoms from underlying causes, and considers remedies that address the latter.**
- The weaknesses that characterise routine data collection in particular may be able to be addressed to some degree through the Technical Working Group mechanism. But we would not underestimate the ability of this mechanism to sidestep the real issues and generate fresh duplication. **We recommend an approach to data-supply problems based primarily on working with data users, in institutional settings such as the budget/MTEF process or sector reviews where incentives are moving in the direction of a results-orientation.** Full advantage should be taken from the new rules governing MTEF proposals and their linkage with PRS 2 Cluster Strategies.
- **Without waiting for incentive change to kick in, the PMS secretariat (PED) should work towards an instrument for systematic annual reporting, a true Policy Matrix for PRS2.** This

would involve close dialogue with sector authorities where sector strategies are maturing to the point where specific, time-bound action commitments can be agreed. **Donors should support any such move to give PRS APRs more of the character of the PRBS PAF, both because this would make it more useful to domestic stakeholders and because it could be the first step to making the PAF redundant.**

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## **Annex 1: People consulted**

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Members of the Workshop on the Evaluation of General Budget Support in Tanzania, 13 Oct 04

Members attending meeting of the Poverty Monitoring Working Group of the Development Partners' Group, 18 Oct 04

## Annex 2: Institutional framework for poverty monitoring<sup>27</sup>

### The establishment of an institutional framework for poverty monitoring

There is a diverse set of actors involved in poverty monitoring activities in Tanzania. They collect a wide a range of data and information, undertake varied analysis and use evidence in different ways. Agreeing a clear institutional arrangement has been paramount for integrating this diversity into a coherent monitoring system.

The PRSP document made no firm decisions on the institutional framework for poverty monitoring and this became one of the most crucial issues that needed further discussion, following the drafting of the PRSP. At a workshop in October 2000, agreement was reached about the institutional setup. It was agreed that there was a need for a national poverty monitoring steering committee, inclusive in its membership and representative of all also suggested that, while the poverty monitoring steering committee will give general guidance to the system, there is a need for smaller technical working groups as follows:

- **Surveys and censuses** – chaired by the National Bureau of Statistics and focused on producing and implementing a multi-year household survey programme.
- **Routine data systems** – coordinated by the President's Office, Regional Administration and Local Government, to coordinate the enhancement of existing routine data systems, promote coherence among these systems and the relevance of these systems at local government level.
- **Research and analysis** – led by the President's Office – Planning and Privatization, in close collaboration with Research on Poverty Alleviation (REPOA), to set priorities for research and analysis (including PPAs) and to propose funding mechanisms for these.
- **Dissemination, sensitization and advocacy** – coordinated by the Vice President's Office to coordinate a programme of dissemination of data and information generated by the poverty monitoring system and to raise awareness on trends in poverty.

The convenors of the four working groups were asked to propose the membership and the terms of reference of their groups. The guidelines issued to the chairpersons stipulated that each group should have representation. Draft terms of reference and membership lists were submitted to the PRS Technical Committee in the final months of 2000 and the first months of 2001. By May 2001 the Institutional framework was in place and operational. The first substantive task of the Technical Working Groups was to produce their inputs for this Master Plan (reflected in Chapters 4 to 7). Beyond the drafting of the master plan, the working groups will oversee implementation of the poverty monitoring master plan, to the major outputs of the poverty monitoring system.

The four technical working groups will relate to the Poverty Monitoring Steering Committee through the PRS Technical Committee. The PRS Technical Committee will consolidate and enhance inputs from the working groups before they are presented to the Steering Committee. A Poverty Monitoring Secretariat will serve the PRS Technical Committee, the Poverty Monitoring Steering Committee and the Committee of Ministers.

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<sup>27</sup> Extracted from VPO (2003, Annex 2).

## **Description of the institutional framework for poverty monitoring**

### *The National Poverty Monitoring Steering Committee*

The National Poverty Monitoring Steering Committee, inaugurated in May 2001, is a broad based committee, with members representing the key ministries involved in the PRSP, civil society, academic institutions, the private sector, major faith groups, and the international development agencies.

The terms of reference of the Steering Committee focus on the following:

- Overseeing the poverty monitoring process, including the development of Poverty Monitoring Master Plan.
- Mobilizing funds for the Poverty Monitoring Master Plan
- Reviewing reports from the Technical Working Groups:
- Providing guidelines to the Technical Working Groups
- Approving annual work plans of the Technical Working Groups
- Guiding the preparation of the annual report on the poverty situation in Tanzania.

### *The Poverty Monitoring Secretariat*

The Secretariat provides services to the Committee of Ministers, the Poverty Monitoring Steering Committee and PRS Technical Committee. The Secretariat is formed by key staff members from the Vice-President's Office, the Ministry of Finance and the President's Office, Planning and Privatization. It included the accountant in the Ministry of Finance who manages the funding mechanism for poverty monitoring, as well as the Poverty Monitoring Technical Officer in VPO.

The specific terms of reference of the Secretariat are:

- Organise meetings of the above committees.
- Take Minutes of the meetings of the committees and circulate these to the members.
- Inform the Technical Working Groups about decisions taken by the Committees and follow-up on implementation.
- Prepare Cabinet papers as per Government procedures and requirements, and coordinate the production of technical papers required by the Committee of Ministers, Poverty Monitoring Steering Committee and PRS Technical Committee.
- Serve as a central documentation point for the poverty monitoring for all stakeholders.
- Provide an effective information service on poverty monitoring for all stakeholders.
- Provide assistance to the process of resource mobilization for the poverty monitoring system.
- Co-ordinate and consolidate inputs from the Technical Working Groups, e.g. preparation of reports.
- Follow-up on the preparation of financial reports by the Technical Working Groups.
- Prepare financial reports for administrative expenditure of the Committee of Ministers, the Poverty Monitoring Steering Committee, the PRS Technical Committee and the Poverty Monitoring Secretariat.
- Prepare a consolidated financial report and share it with the funding partners.
- Co-ordinate the preparation of the PRS Annual progress reports
- Co-ordinate the stakeholders consultation processes for the PRS.

### *Surveys and Census Group*

The Survey and Census group, chaired by the Director General of the National Bureau of Statistics,

coordinates the production of poverty-relevant data sets through household surveys and the population census. The Surveys and Census group grew from the TAS Data and information Working Group, formed in early 2000. The most important activity to date was the drafting of a multi-year survey programme.

The Survey and Census group includes representatives of the National Bureau of Statistics, the Eastern Africa Statistical Training Center (EASTC), the Bank of Tanzania, the Planning Commission, Academic Institutions, the Macro-Policy Group on Gender and the international development agencies.

The terms of reference of the group include:

- Determining the correct instruments to use for poverty monitoring and ascertaining the costing of the survey package.
- Identifying and cultivating interest in key collaborators in other departments so that they can support the survey and database activities.
- Mobilizing funds for surveys.
- Monitoring progress of the respective cluster of activities in order to report to the steering committee.
- Continuing with pertinent aspects of the work done by the Tanzania Assistance Strategy (TAS) Group on Data and Information.

### *Routine Data Group*

The routine data group is responsible for the coordination of routine data sources which contribute poverty monitoring indicators. As most data sources are linked to service delivery and as service delivery is increasingly under the responsibility of local government, the task of coordinating routine data systems was allocated to the President's Office – Regional Administration and Local Government. The group consists of representatives of PO-RALG, the Local Government Reform Programme, the ministries responsible for the major sectoral routine data systems, the National Bureau of Statistics and the international development agencies.

The terms of reference for the routine data group include:

- Reviewing the current administrative data collection systems, with a view to determining a core set of poverty monitoring indicators and enhance the capacity, efficiency and effectiveness of the system.
- Making necessary improvements in the current routine data systems so that data can be generated, collected and used in a continuous manner.
- Establishing baseline data for poverty monitoring indicators.
- Identifying institutional levels and responsibilities for data collection.
- Identifying training needs and designing training programmes for poverty monitoring through routine data systems.
- Establishing linkages between the poverty monitoring system and the Local Government M&E system.
- Assessing capacity for data storage and equipment requirements for the same.
- Preparing a work plan and budget for implementing the above TOR.
- Identifying possible sources of funding for undertaking the above activities.

### *Research and Analysis Group*

The Technical Working Group on Research and Analysis is chaired by the Director for Macro-



economic Planning in the President's Office, Planning and Privatization. Research on Poverty Alleviation (REPOA) provides the secretariat. Members of the group include representatives of the President's Office, Planning and Privatization, the Vice-President's Office, the Bank of Tanzania, the National Bureau of Statistics, academic and research institutions, civil society and gender groups and the international development agencies. The R&A Working Group will co-ordinate research and analysis related to the PRSP on behalf of the Government, but with involvement of a wide range of stakeholders in the setting of research priorities and in the control of the quality of outputs.

The terms of reference that guide the work of the Research and Analysis Working Group are as follows:

- Setting annual research and analysis priorities, based on the broad research and analysis framework prepared for the group and the poverty monitoring master plan and taking into account the current information needs of key stakeholders.
- Setting annual capacity building priorities in line with the chosen research and analysis priorities.
- Monitoring the implementation of the Research and Analysis Work Programme.
- Overseeing the administration of the Research and Analysis Fund.
- Overseeing the implementation of Participatory Poverty Assessments.
- Serving as a contact, information and advice point for (external) research on poverty-related issues.
- Supervising the production of key outputs specified in the master plan.
- Playing a pro-active role in encouraging open access to information generated through the Research and Analysis Work Programme.
- Liaising with other Poverty Monitoring Working Groups, the PRS Technical Committee and the Poverty Monitoring Steering Committee on matters pertaining to the Research and Analysis Work Programme.
- Making a work plan based on the above.
- Outlining financial requirements for the above and detail a plan for resource mobilization.

### *Dissemination, Sensitization and Advocacy Group*

The dissemination working group is responsible for ensuring that the data and information used by the poverty monitoring system is presented to the relevant stakeholders in a user friendly format. This is a crucial function, as it will facilitate the use of data by decision makers and other stakeholders in government and outside government. The dissemination group is chaired by the Director for Poverty Eradication in the Vice President's Office. It has representative from the Vice-President's Office, PO-RALG, PO-PP, Ministry of Finance, Ministry of Education, MCDWAC, National Bureau of Statistics, TASAF civil society organizations, the international development agencies and the private sector.

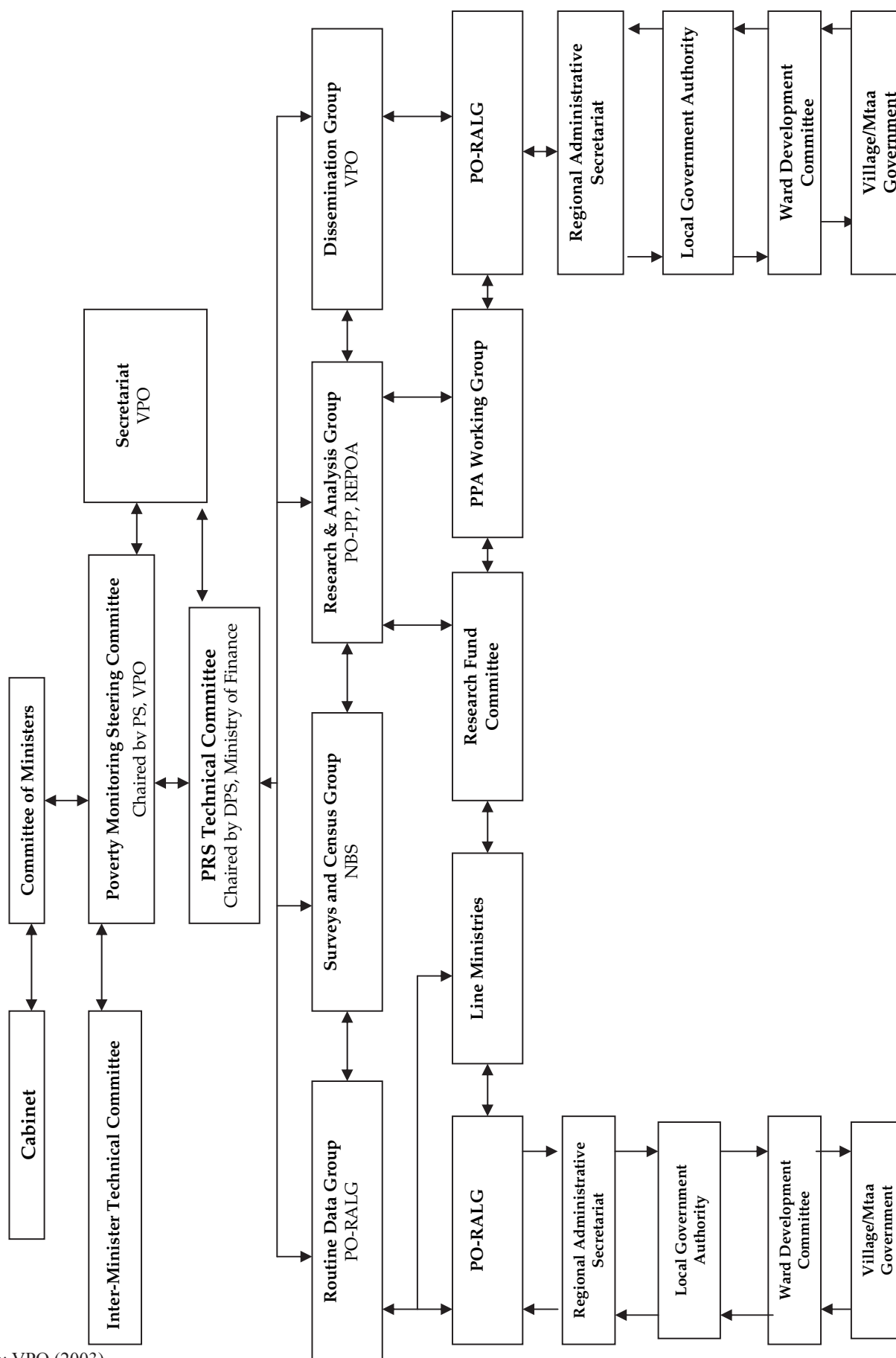
The terms of reference of the group include:

- Developing a work plan and budget for dissemination and sensitization of information generated by the Poverty Monitoring System.
- Liaising with other Poverty Monitoring System Technical Working Groups and other relevant institutions in the development and implementation of a coherent Master Plan for Poverty Monitoring.
- Overseeing implementation of the work plan based on emerging information needs and changes in social, economic and policy context.
- Providing input in the preparation of an Annual Progress Report for the PRSP.
- Identify possible sources of funding for undertaking the above activities.
- Flow of information and collaboration between various parts of the institutional framework.

The functions of the various parts of the institutional framework are closely interrelated. There will, therefore, be a lot of interaction between the working groups and committees. The four technical working groups will need to collaborate closely. This will be facilitated partly by overlapping membership between the groups. Key linkages between the groups are as follows:

- The Surveys and Census Group will work closely with the Routine Data Group to ensure that both groups use common definitions of indicators and methodologies that lead, as far as possible, to comparable results.
- The Research and Analysis Group will collaborate with the Surveys and Census and Routine Data Groups. The Research and Analysis Group will be responsible for the coordination of the analysis of datasets produced by the Surveys and Census Group and the Routine Data Group. It will also inform these groups about newly emerging research needs that may be addressed in the multi-year survey programme or in the routine data systems.
- The Dissemination Group will work closely with the three other working groups to obtain the inputs for its dissemination work. The Dissemination Group will also provide feedback to the other working groups on emerging information needs.
- The Poverty Monitoring Secretariat will ensure an adequate flow of information through the institutional framework for poverty monitoring.

## Annex 3: Institutional Framework for the Management of the PRS/ PMS



Source: VPO (2003)

