



**Strategies for Growth and Poverty
Reduction: Has Tanzania's Second PRSP
Influenced Implementation?**

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ABSTRACT

Tanzania's current growth and poverty reduction strategies are contained in its second PRSP. This document, and the processes leading to its formulation, has helped to mobilize donor funds. However, the content of the PRSP is largely irrelevant for implementation, *and* has contributed little to better inter-sectoral linkages and synergies both of which were its main purposes. The immediate reasons for this irrelevancy include a participatory planning process not aligned with the domestic political process and with no budget constraints which led to a shopping list of un-prioritized initiatives; an implementation machinery around the budget process which in practice does not ensure that resources are allocated in line with the document's priorities; and limited understanding and/or acceptance across the spectrum of government institutions and political leadership that the PRSP is the overall strategic guiding document.

LIST OF ACRONYMS

CBO	Community Based Organizations
CCM	Chama Cha Mapinduzi
CSO	Civil Society Organizations
DP	Development Partners
EPZ	Export Processing Zones
ERP II	Economic Recovery Programme II
ESAP	Economic and Social Action Programme
FBO	Faith Based Organizations
GBS	General Budget Support
GDP	Gross Domestic Product
HIPC	Highly Indebted Poor Countries
IFI	International Financial Institution
IMF	International Monetary Fund
LGA	Local Government Authority
MAIR	MKUKUTA Annual Implementation Report
MDA	Ministries Departments and Agencies
MDG	Millennium Development Goals
MKUKUTA	Mkakati wa Kukuza Uchumi na Kupunguza Umaskini Tanzania
MOF / MoF	Ministry of Finance
MTEF	Medium Term Expenditure Framework
NEC	National Executive Committee
NGO	Non-Governmental Organization
NPA	New Poverty Agenda
NPES	National Poverty eradication Strategy
NSA	Non-State Actors
NSGRP	National Strategy for Growth and Reduction on Poverty
PED	Poverty Eradication Division
PER	Public Expenditure Review
PERWG	PER Main Working Group
PHDR	Poverty and Human Development Report
PMG	Poverty Monitoring Group
PRS	Poverty Reduction Strategy
PRSP	Poverty Reduction Strategy Paper
SAP	Structural Adjustment Program
TWG	Technical Working Group
UNDP	United Nations Development Programme
URT	United Republic of Tanzania
VPO	Vice President's Office
WSSD	World Summit for Social Development

I. INTRODUCTION

Poverty Reduction Strategy Papers (PRSPs) were introduced in the late 1990s, building not only on the global consensus to address poverty more comprehensively, but also as a response to the concerns that were raised against the Structural Adjustment measures championed by the World Bank and the International Monetary Fund (IMF). PRSPs attempted to integrate the poverty concern in the policy making process of indebted countries.

Tanzania prepared its first PRSP in 2000. It was implemented for three years and served two main purposes. First, it served as an instrument for debt relief under the Highly Indebted Poor Countries (HIPC) Initiative, and secondly, it provided a framework for coordinating poverty reduction initiatives. Debt relief and other resources were mainly channelled into “priority sectors” of education, health, water, agriculture, rural roads, the judiciary, and land. Spending on these areas was considered to have greater impact on poverty reduction. However, although there was some progress in the priority sectors of education and health (primary school enrolment went up and under-five mortality fell) resources were not sufficient to lead to appreciable change and poverty and inequality levels remained high. It was acknowledged that it will require all sectors and much more resources to bring about growth that can reduce for poverty reduction significantly.

In June 2005, Tanzania prepared MKUKUTA for the period 2005-2010.¹ It is informed by the aspirations of Tanzania’s *Development*

Vision 2025.² It has an increased focus on equitable growth and governance compared to the first PRSP, and it is an instrument for mobilizing efforts and resources towards targeted poverty reduction outcomes.

The aim of this paper is to analyze the extent to which the MKUKUTA has been successful in influencing implementation on the ground. The analysis begins by exploring the broadened consultative process behind its formulation, aimed not only at enhancing local ownership and inclusion in the policy making processes, but also at impacting positively on implementation. This is followed by an examination of its content including the outcome-based approach, cross-sector collaboration, inter-sector linkages and synergies in achieving priority outcomes, and an analysis of implementation arrangements, focusing on links with the budget process and how stated interventions are translated into action. Lastly is an assessment of outcomes in terms of the extent to which growth and poverty reduction targets have been met.

¹ Kiswahili acronym for “National Strategy for Growth and Reduction of Poverty” (NSGRP). In this paper, the term MKUKUTA (Mkakati wa Kukuza Uchumi na Kupunguza Umaskini Tanzania) has been used consistently.

² *Development Vision 2025* envisages Tanzania in 2025 as a nation with social and economic justice, rule of law, peace, stability, and unity. It foresees an educated population, a cultural renaissance, and a strong, self-reliant, competitive and sustainable economy.

2. BACKGROUND AND CONTEXT

Poverty reduction initiatives are not new in Tanzania, as they have held a central place in the country's development strategies and politics since independence in 1961 when three main challenges of development – poverty, ignorance, and disease – were identified. Thus, early development efforts focused on addressing these challenges.

From 1967, Tanzania adopted the policy of socialism and self reliance which was promulgated in the Arusha Declaration. President Nyerere consistently affirmed that the basis of socialism is people and the purpose of socialism is to serve people regardless of colour, size, shape, ability or anything else (de la Rue, 1973).

Implementation of the Arusha Declaration put the major means of production under the state through nationalization. Major investments were made in basic social services such as education, health and water and sanitation. This was done through central government investment programmes underpinned by a basic needs approach and facilitated by considerable inflows of aid, especially in the 1970s. Tanzania made important achievements in human development during that period, but progress was stretched to its limits towards the end of the 1970s and in the early 1980s, when the country experienced a deep economic crisis in which major macro-economic indicators deteriorated (Wangwe 1996). The crisis meant that growth declined and the capacity to implement the basic social services and various anti-poverty programmes eroded considerably. As a result, access to services and quality declined.

In response to the crisis, Tanzania tried homegrown recovery programmes without the support of Development Partners (DPs)

but these failed to turn the economy around. In the mid-1980s, Tanzania embarked on an economic recovery programme under the IMF along with the World Bank-sponsored Structural Adjustment Programmes (SAP). The first generation of policy reforms was directed at macro-economic stabilization and “getting the prices right”, with no strategies for taking care of the social dimensions of adjustment. It was widely believed that stabilizing the economy would result in growth and would ultimately lead to poverty reduction.

The formulation of the Economic and Social Action Programme ESAP (or ERP II) (1989-92) was partly an attempt to take on board the social aspects of adjustment. Critics pointed to the fact that SAPs' objectives did not address the social dimensions of adjustment and did not make any notable dents in poverty. This line of thought was led by UNICEF (1987). In what came to be coined the vintage of “second generation reforms”, ESAP now explicitly recognised the social dimensions of adjustment. It therefore included measures to reverse the erosion of the social services and paid attention to the vulnerable groups in society. The inclusion of social safety nets for the poor and attention to issues surrounding growing vulnerability to economic shocks became important features of ESAP. The social dimension, however, was introduced as an “add on” rather than being integrated in the policy-making process. The fact that poverty is multi-dimensional and cross-cutting was not sufficiently incorporated into policy at that time.

More recently, Tanzania started to address poverty as a major policy concern in 1996 when it formulated a National Poverty Eradication Strategy (NPES). Although NPES is considered “homegrown”, it came at a time when poverty had already become a global

policy agenda culminating into the World Summit for Social Development (WSSD) held in Copenhagen in March 1995³. The Copenhagen Summit ended with resolutions making firm commitment to eradicate absolute poverty by a target date to be set by each country.

However, soon after the NPES was ready for implementation, the International Financial Institutions (IFIs) promoted the concept of PRSPs which was tied to HIPC debt relief funds, and the Tanzanian government responded quickly by preparing a PRSP in order to gain access to the HIPC debt relief resources.

The MKUKUTA is a successor strategy of the PRSP which also put the focus on poverty reduction high on the country's development agenda. It was prepared in a completely different context, and it made at least three major departures from the earlier PRSP. The consultative process was broadened and deepened – coverage was expanded to include growth concerns along with the two other clusters of social well-being and governance, and the strategy was outcome- and results-based as opposed to the PRSP which identified a few priority sectors.

³ At the conclusion of the World Summit for Social Development Governments (including Tanzania) adopted a Declaration and Programme of Action which represent a new consensus on the need to put people at the centre of development. Among the ground-breaking agreements made in the Declaration are the ten commitments. One of them is a commitment to the goal of eradicating poverty in the world, through decisive national actions and international cooperation, as an ethical, social, political and economic imperative of humankind.

3. THE FORMULATION PROCESS

It is strongly argued that the first PRSP formulation process was compressed. Tanzanian officials and the PRSP itself state that the poor at the village level were not adequately consulted at the formulation stage (McGee et al., 2002: 6). The preparation was hurried and non-consultative (Evans and Ngalewa, 2001). Another study by Gould and Ojanen (2003) argues that Tanzania's PRSP was produced in partnership by a group of state and donor technocrats. They conclude that "... the social and ideological foundations of the PRS are narrow, representing the views of a small, homogenous 'iron triangle' of transnational professionals based in key Government ministries and donor agencies in Dar es Salaam. The content and process of the PRSP thus reflects a depoliticized mode of technocratic governance" (Gould and Ojanen, 2003: 7). Yet, when interviewed, a senior UN official at the time, who participated in the process, described what "partnership" meant and said she commented and made suggestions to the document, but did not write – nor did any other donor technocrat. She added that Tanzania needed HIPC debt relief – and that imposed a lot of constraints: the timing was pushed hard from the President himself and therefore the process can hardly be described as depoliticized.

The Context of the MKUKUTA Formulation Process

MKUKUTA is clearly an important element in the government's resource mobilisation strategy. The Ministry of Finance is clear on this: "While donor dependency remains high and may be risky, the Government considers the risk of abrupt donor withdrawal rather remote

because of the observed donor commitment to support the Government's poverty reduction programmes" (MOF 2006, 5). Thus, the idea of having a framework – MKUKUTA – is evidence that the Government has a strategic direction in addressing poverty and growth concerns, and a justification for continued support of DPs.

Ideas behind the MKUKUTA formulation and the processes involved were conceived very early when the PRSP was getting into the third year of its implementation (2003/04). The Government confirmed its commitment to the PRSP review which was then followed by a series of consultations known as the "pre-launch consultation" involving different secretariats of national processes (including that of Public Expenditure Review and the Poverty Reduction Strategy), Civil Society Organizations, and the donor community⁴. The idea was to build consensus on the objectives of the PRSP review and agree on modalities of conducting it.

During the pre-launch consultations, a number of issues were identified for discussion in the review process, including the incorporation of broad-based growth, and how this growth can be translated into better livelihood for the poor. It was acknowledged that economic growth and stability were also important in creating the capacity to effectively address poverty reduction, and that there was need to address gaps on issues such as trade, employment, investment, and private sector development, which were not well articulated in the PRSP (URT, 2003).

Another important issue for discussion had to do with linkage and consistency between the PRS and the budget. It was thought that there was a need to more closely link the PRS

and the national budget process and then to develop a coherent cycle of sectoral, cross-sectoral and macro processes that support the PRS and budget processes.

In other words, ideas behind the nature, content and structure of the PRSP successor strategy were conceived during the pre-launch consultations, much earlier than the broader stakeholder consultations begun. Thus, DPs and government technocrats, who were key actors in these early consultations, influenced the shape and direction of the PRSP successor strategy.

The pre-launch consultations ended with the PRSP review guide, which spelled out objectives of the review, principles, and focus. Key stakeholders at different levels were identified, as well as modalities for consultations. The timeline for coming up with the document was also agreed between government and local stakeholders, particularly the CSOs that had complained about the rush in the first PRSP.

MKUKUTA Consultations

The Poverty Eradication Division (PED), under the Vice President's Office (VPO) with overall support and approval by Government, enthusiastically embraced a participatory approach to the MKUKUTA formulation process, and conscious efforts were made to broaden and deepen consultations, the objective being to foster country ownership at all levels. This is in line with the ownership element of the New Poverty Agenda (NPA) whereby a country-owned PRSP is regarded as the mechanism to operationalise the consensus on poverty reduction.

But how broad and deep were the consultations? The entire process lasted for a longer period of about 18 months compared to the six months of the first PRSP, and more indi-

⁴ Pre-launch consultations were the initial consultations before the PRSP Review was officially launched.

viduals and groups were reached⁵. Consultations were conducted through workshops in which representatives from the district council secretariat, various groups of society (e.g. the aged, children, youth, women, etc) Faith Based Organizations (FBOs), Community Based Organizations (CBOs), Non-Governmental Organizations (NGOs), the private sector, trade unions and the informal sector were invited. At the village level, consultations were done through the village assembly.

The involvement of media took a centre stage in the whole process. In addition, over 500,000 brochures were distributed country-wide⁶. These contained three major questions. What are the most significant changes observed in the last three years in the course of the country's poverty reduction efforts? What are the main bottlenecks preventing Tanzanians from attaining a better life and enjoyment of their rights? And what important factors must be incorporated in the PRS if poverty is to be reduced further and quality of people's lives improved?

At the national level, ministries were requested to submit analytical reports conducted in their respective ministries/sectors that were related to poverty reduction. They were also asked to determine priority outcomes and the linkages with other ministries/sectors in achieving those outcomes. Members of Parliament were consulted individually, through their parliamentary committees, and through a seminar organized for the entire Parliament.

⁵ The process reached all the regions in Tanzania mainland, 42 districts, and 168 villages (four villages from each of the districts).

⁶ The brochure was also published on the internet, the idea being to solicit views from Tanzanians living outside the country, and a substantial amount of feedback from as far as the US, UK, Australia, and Scandinavian countries was generated through this tool.

The private sector through its network of the Private Sector Foundation and Chambers of Commerce undertook consultations at national and regional levels. However, government and NGO officials interviewed did not regard the private sector as very active in the process. They participated in workshops but generally did not seem to invest much energy in seeking to influence the process and its outcomes. The same goes for some line ministry and most local government representatives – key implementers of most of the MKUKUTA strategies. Some of the people interviewed argued that a good number of comprehensive and well-developed sector policies, strategies, and programmes were already in place, and the MKUKUTA basically took on board the same issues and strategies, and hence there was not much need to be active.

Interestingly, while DPs played a more active role in the formulation of the PRSP in 2000, they took an approach of “hands-off” with the MKUKUTA, and did not engage in the consultations until after the second draft was produced and shared with them for comments. DPs had agreed to respect the guiding principles for the review process. There is no evidence of any explicit conditionalities, but DPs had of course clear interests of their own and UNDP, for example, pushed to get the strategies linked to the MDGs. DPs shared information on the process and financed a number of activities which fed into the process. However, although the MKUKUTA was not directly linked to debt relief, it was always clear that aid was dependent on a credible strategy, and hence the processes leading to its formulation – has clearly helped to mobilise donor funds.

Assessing the process itself and the discussions that took place at all levels, a few important observations can be made. First, the

MKUKUTA process is not clearly aligned with domestic political processes, whereby the latter (including CCM's election manifestos) are more home-grown and not directly influenced by external actors. Yet the CCM Manifesto which was prepared and issued after the MKUKUTA, perceives it as a complementary government strategy (see Chama Cha Mapinduzi Election Manifesto for the 2005: 10), and the two documents do not diverge in any fundamental way on overarching issues (Selbervik, 2006). This suggests that in preparing the Manifesto, CCM's National Executive Committee (NEC) must have consulted the MKUKUTA.

With MKUKUTA formulation, participants were not given any explicit party guidelines for the content of the end product. People centrally engaged in the process confirm the absence of such political inputs – formal or informal. Unusual as this may sound, it is nevertheless, a typical feature of much Tanzanian policy making. There tends to be little or no explicit political inputs into the formulation of even major policy documents and strategies (Therkildsen, 2009).

The process did, of course, not start with a clean slate, and was instead guided by existing policy frameworks⁷. In practice, much of what went on prior to 2005 (whether compliant to the stated policies and strategies at the time or not) continued after the MKUKUTA was endorsed. However, it should be noted that issues of growth; sound macro-economic policies; trade, employment, investment, and private sector development; linkages with the budget process, and a coherent cycle of sectoral, cross-sectoral and macro processes that support the PRS and budget processes

– all of which were not well articulated in the original PRSP – were raised during the pre-launch consultations.

Secondly, individuals interviewed (both state and non-state actors) said that although they were provided with a guide, the discussions were still very much “unguided”⁸. These discussions covered a whole range of issues and no specific lines of arguments could be easily traced. There appears to have been no major disagreements during the consultations. Generally, these focused on how to reduce poverty and empower people, but did not cover all the elements of the NPA.

What is obvious is that broader participation did lead to an expanded shopping list in the final document. As one NGO participant summed up the process: “We got many of our points into the document, but the problem was that so did many others.” The resulting document reflects that – as it is an assemblage of broad, un-sequenced and un-prioritized strategic interventions combined with rather specific outcome targets.

Some have “strong” reservations about the consultative process, especially when it is not analytically driven. A renowned policy analyst from one of the leading policy research institutions in Tanzania, who was also instrumental in the formulation of the MKUKUTA, was of the opinion that consultative processes can be self-defeating. This may happen when consultations become an end result by themselves rather than inputs to achieve a desired outcome. He felt that the processes strive to include unmanageable numbers of

⁷ These include Vision 2025, PRSP, sector policies, different national strategies and international commitments like the MDGs.

⁸ The consultation guide highlighted issues to be addressed which included poverty, growth, trade, HIV/AIDS, gender, environment, employment, poverty monitoring, culture and development, communication strategy, and governance. Facilitators were informed that besides the issues highlighted in the guide, they had to allow discussions to bring other issues that seemed to be of importance in those specific areas.

groups within society which can lead to a very broad agenda to satisfy the interests of the many groups.

The final content and structure of the MKUKUTA document was the responsibility of the drafting team, which synthesized the views. This team was composed of experts from the Government, academia, and Non State Actors⁹. The drafting team constantly received advice from the Review Team with the latter being composed of individuals appointed based on the knowledge and competence on specific areas of specialization.

It is also worth noting that national policies and strategies for growth, productive sectors and poverty reduction are not prominent and recurrent themes in public debates, particularly at the grassroots level. Such debates are – to the extent that they take place – mainly held in small circles of academics, politicians, administrators, and donor representatives, more so at the national level. At grassroots level, discussion is centred on real issues of concern – poor roads, education, health, corruption in district councils, etc.

Whatever the intricacies of the formulation process, it was based on much wider and deeper consultations than was the case for the first PRSP. It was driven by a small group of centrally placed government planners and some important non-state actors and consultants. To major donor agencies it was these participatory processes and the ambitious scope of the exercise that appealed. DPs did not engage in the consultation process, and although some had reservations about its content (in particular its lack of clear priorities and sequencing), the document was ac-

cepted as proof of a serious commitment by the government to enhance growth and fight poverty through strategies that DPs found acceptable. The MKUKUTA therefore legitimised continued donor support to Tanzania.

The participatory process which was long and extensive, did lead to an expanded shopping list, but whether or not it helped to increase ownership is a difficult question to answer. Ownership materializes when a majority of the population or their representatives participate in the formulation of the strategy, identify its elements and continue to participate in its implementation. This is partly true with MKUKUTA when the breadth and depth of the formulation process is considered. However, the earlier enthusiasm that some CSO participants expressed about the process has now cooled significantly. For a small selection of business people interviewed in Dar es Salaam, the MKUKUTA is largely unknown or irrelevant to them. Reports of opinion surveys including the Views of the People 2007 show a similar picture, that few know about it, let alone its content (Research and Analysis Working Group, 2007a).¹⁰

⁹ Individuals from CSOs, for example, helped to write Cluster II and III (social services and governance) of the document. They focused much less on the Cluster I (income growth and poverty)

¹⁰ This is not surprising and it is naïve to think that such government documents – even in popular versions – will attract widespread attention and discussion in Tanzania – or in other countries.

4. CONTENT

MKUKUTA's content and structure depart from the first PRSP in several important respects. First, measures to address economic growth and reduction of income poverty are better articulated¹¹. The strategy document states that "Reduction of poverty requires sustained high growth rate of GDP of at least 6-8 percent per annum over the next decade. Toward this, focus will be on scaling up investments towards modernizing small, medium and large scale agriculture for increased productivity and profitability, promoting off-farm activities including small and medium size enterprises with particular emphasis on agro-processing." (VPO, 2005)

Two major productive sectors reflected in the MKUKUTA are agriculture and manufacturing industry. Both sectors broadly reflect the priorities of the Government, and the official discourse about agriculture and industrialisation is cast in rather dramatic terms: the need to "transform agriculture;" a "green revolution" and the vision of becoming a "semi-industrial country" signals that time is up for business-as-usual.

Although MKUKUTA identifies three clusters of broad outcomes: (i) growth and reduction of income poverty; (ii) improvement of quality of life and social well-being;

¹¹ Tanzania's first PRSP was more focused on the social sectors as opposed to the productive sectors except for agriculture. The PRSP stated that "...the government, guided by the findings from the stakeholders' workshops, will confine its financial interventions mostly to (i) education (notably at primary school level), (ii) health (primary health care), (iii) agriculture (research and extension); (iv) roads (in the rural areas); (v) water, (vi) judiciary; and (vii) HIV/AIDS." (URT, 2000) It also indicates that "expenditure allocations for these 'core' sectors are expected to increase significantly, compared to the allocations for other sectors.

and (iii) good governance¹², it acknowledges that there is a strong relationship between the clusters and, that all are equally important.

Secondly, the priority "sector" approach of PRSP has been replaced with a priority "outcome" results-based approach. This is done by grouping sectors and cross-cutting issues into clusters aimed at strengthening coordination and synergies between them. The argument was that "poverty has many dimensions, often caused and reinforced by underlying unequal distribution of resources, incomes and opportunities". Hence, "it will require all sectors and much more resources to bring about growth that is required for poverty reduction". Moreover, the focus on outcomes "brings to the fore issues of cross-sector collaboration, inter-linkages and synergies in achieving priority outcomes" (VPO, 2005).

There were other "less technical" reasons for moving away from a sector priority approach. The concept of "priority sectors" was disliked by sector-ministries designated as "non-priority" sectors. They thought that their access to resources would become more difficult. In the preparation of the MKUKUTA they argued that *all* sectors contribute to growth and poverty reduction. This argument is consistent with the synergy thinking of the MKUKUTA, and must have contributed to generate support for its approach among those agencies that were down-prioritised in 2000. Lastly, MDG policy actions have been integrated into cluster strategies; and the time horizon has been expanded from three to five years.

¹² These three clusters are divided into 18 goals, 108 operational targets and 271 cluster strategies/activities.

Macro-economic Fundamentals

One of the key areas of focus under Cluster 1 is “sound management of the economy.” It is argued that maintaining a stable and predictable macro-economic environment to “achieve a sustained high growth rate of the economy and to generate rational response to market signals” is needed (36-37). Thus, ongoing fiscal and monetary sector reforms would be continued. Economic policies during the late 1990s and early 2000s also focused on macro-economic stabilisation with little emphasis on poverty reduction and structural transformation (World Bank, 2007: 276). MKUKUTA is not different in this respect.

Despite its name, MKUKUTA does not contain an explicit growth strategy. Instead, it states that “detailed growth strategies, which require multi-sectoral actions, will be developed within the context of public-private dialogue” (VPO, 2005). It argues that focus should be on specific products/services where Tanzania has and can create competitive advantages. This has not yet been done as pointed out in the PHDR (2007), and some government ministers and senior civil servants maintain that the MKUKUTA suffice.¹³

Given Tanzania’s political and economic history, another key question is: does the MKUKUTA advocate growth through market forces or through increasing state interventions? A close reading of the document does not provide a clear answer. There are statements in favour of both approaches, and it is not possible to discern any clear preference¹⁴. Proposed interventions, as well as

official statements and declarations, offer a mixture of both (Eggenberger-Argote, 2005). One interpretation is that the document is written to appeal to a wide domestic and external audience. The other is that variations across sectors are so large that a pragmatic approach is needed.

Finally, and consistent with the outcome-based approach, the MKUKUTA has an elaborate monitoring system, which adopts a multi-pronged approach of special institutional arrangements targeting data collection, analysis, storage, dissemination and communication, and strategic linkages with other monitoring systems. This system has the potential to increase evidence-based policy making if clearly linked to the policy and planning processes.

MKUKUTA therefore embraces key elements of the NPA, whereby poverty reduction is still the central focus and it is to be achieved – at least partly – through market-led growth with distribution. The basic tenet is that growth is necessary, but not sufficient, for poverty reduction, and hence equity issues need to be taken on board. It also emphasizes results based management shared by both the MDG-approach and the Paris Declaration.

Given the very broad and general specifications of the growth and poverty strategies presented in the MKUKUTA, it is difficult to assess (a) whether MKUKUTA is more or less poverty-oriented than the first PRSP, although the former clearly puts much more emphasis on growth than the latter (but there is no explicit considerations of growth-poverty linkages in either); (b) the extent to which the overall approach to economic growth and poverty alleviation is mainly to be market driven or state driven or both (but that raises the question of the precise mix in specific sectors during implementation); and (c)

¹³ Interviews

¹⁴ For example: reduce excessive institutions in order to enhance the efficiency of markets; and increase public investment to influence the pattern of employment creation towards poverty reduction.

whether agriculture now is prioritised higher than in the past (as no explicit prioritisation is given to any sector). Many decisions are therefore left to the implementation of the MKUKUTA (or left hanging), as the next section will show.

5. IMPLEMENTATION

Implementation of the MKUKUTA will depend very much on how it is aligned with the budget process, the dialogue structures in place to oversee its implementation and monitoring and the existing administrative capacities and political support.

Alignment with Budget Process

Ideally, the Government budget is supposed to be a key instrument for implementing MKUKUTA. To ensure that the Government budget is financing MKUKUTA interventions, there has to be a close link between the two processes. The MKUKUTA generally provides broad statements of interventions, while more detailed activities linked to specific resource allocations are developed in lower level planning instruments, in sector- and agency-level strategic plans.

The MKUKUTA is supposed to be the basis for making strategic budget allocations through the MTEF¹⁵ and annual Budget Guidelines¹⁶ using specially developed software – the Strategic Budget Allocation System (SBAS) which requires each agency to link proposed allocations back to specific MKUKUTA objectives, based on agency-level strategic plans. This work is technical, and there seems to be little or no formal political inputs into these processes. The Budget Guideline Committee under the Ministry of Finance and Economic Affairs is central

¹⁵ The MTEF links policy, plans and budgets over a medium term (i.e. 3-4 years).

¹⁶ The Plan and Budget Guidelines (PBGs) are the main government framework for resource allocation as well as a reflection of MKUKUTA priorities in the MTEF (URT, 2008a)

to this (URT, 2008a). At the sector and LGA levels, MKUKUTA is supposed to provide a framework or point of reference to their plans and activities. Hence, implementation of cluster strategies foresees the role for MDAs and LGAs.

In practice, there are no clear mechanisms in place to ensure that government budget machinery allocates public resources in line with MKUKUTA priorities or to improve

coordination and synergy across sectors significantly. Also, the MKUKUTA does not provide much strategic direction for the MTEF and government budgets, as it does not specify what cluster allocations should be. The table below summarises the government's MTEF and budget guidelines on this, although the criteria determining the relative weights to be given to the clusters in budget allocations are unclear.

Budget Guidelines: Cluster Allocations

Budget guidelines for	Cluster 1: Cluster 2: Cluster 3
FY05/06	39:43:18
FY06/07	43:35:22
FY07/08	42:41:17
FY08/09	48:34:18
FY09/10	51:29:20

Source: PMG (2008, 15) and MOF guidelines for MTEF and budget framework, 2009/10- 2011/12

The table shows that allocations for Cluster 1 (the productive sectors) rise by close to 20 percent from FY06/07 to FY09/10, indicating an increasing government focus, especially recently, on economic growth. However, several things blur the picture. The three-year projected budget figures in the MTEF for the three clusters show little consistent direction.¹⁷

In addition, the Ministry of Finance classifies expenditures in ways that do not give a true picture of the real cluster allocations.¹⁸ It

takes substantial familiarity with the budget to arrive at relevant figures. Even more striking, the actual allocations to clusters turn out to be quite stable regardless of what the guidelines say. For example, in FY07/08 and FY08/09 cluster 1 was actually allocated 35-37 percent of the cluster funding, despite the guideline figures being 42 percent and 48 percent, respectively. In contrast, social sectors are allocated significantly more than the guideline figures for cluster 2 indicate.

Indeed, if off-budget donor funds, including those from the Global Fund, were included in the above analyses (which they are not), the funding of the social sectors relative to the productive sectors would be even higher.

Assessing the direct poverty impact of expenditure is equally difficult. It is not sufficient merely to track the quantity of expenditures under broad clusters, as there are is-

¹⁷ The figures in the table are taken from the FY in question. However, the guidelines also provide allocation-figures for the following years to guide MDAs' medium term budgets. It is these projected figures that are referred to here.

¹⁸ For example, transfers to LGAs, some 18 percent of the budget, are not coded according to the MKUKUTA categories and are therefore considered non-MKUKUTA spending. And basic salaries and pensions for teachers and medical staff are excluded from MKUKUTA, although services would not be provided without them.

sues of quality to consider. Within a cluster (or goal), some types of spending are likely to be more effective in addressing poverty than others. For example, in education, expenditures related to expansion of school enrolment through classroom construction, supply of supplementary teachers, buying desks and text books, as compared to spending on workshops and technical assistance.

In addition to the direct poverty impact of government expenditure (e.g. who are the immediate beneficiaries?), indirect consequences also need to be analyzed (e.g. will the impact of expenditure on economic growth indirectly generate increases in sustainable livelihood opportunities for the poor?). Thus the focus of spending within a cluster (or goal) is as important as the allocation between clusters (or goals) in determining poverty impact. Yet, a detailed analysis of expenditure patterns within cluster strategies is extremely difficult.

Do all these technicalities about budget allocations really matter? After all they do not tell much about sector-level budget allocations for actual service delivery and investments. This is where government action (or non-action) affect people's livelihood. The bottom line is that links between MKUKUTA and what the public sector actually spends on the ground are at best imprecise – partly due to the vagueness of the strategy document, and partly due to the technical difficulties in linking broad strategies to implementation on the ground (Therkildsen, 2009).

The situation may vary across sectors, but agriculture stands out as an example of weak linkages. It is, however, difficult to extrapolate from this. In some sectors, government funding is important for what happens on the ground (whether linked to MKUKUTA or not). In other sectors, such as agriculture, financial inputs may be less important than structural and policy reforms.

The Dialogue Structure(S)¹⁹

As stated earlier, implementation of the MKUKUTA will also depend on the dialogue structure(s) in place to oversee its implementation and monitoring outcomes. Hence, the dialogue structure – or parts of it at least – is meant to ascertain that MKUKUTA is implemented.

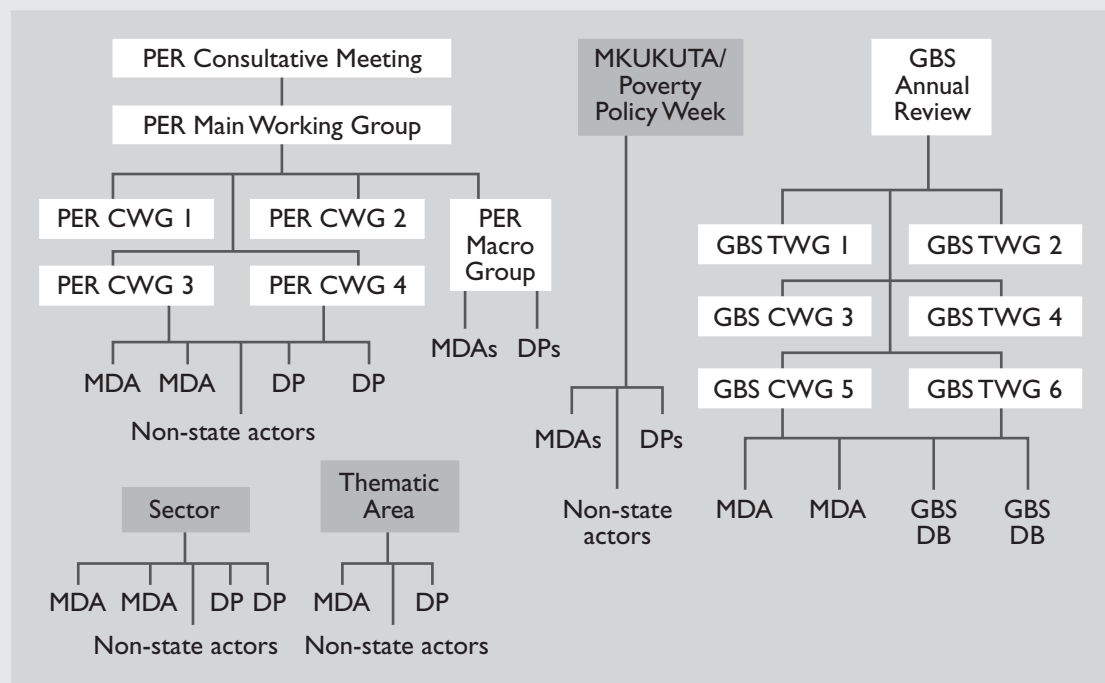
An elaborate and complex set of working groups have emerged in and around MKUKUTA implementation at central level. This so-called “dialogue” structure relates to different processes including the Public Expenditure Review (PER)²⁰, MKUKUTA Institutional Structures, General Budget Support (GBS), various sector implementation arrangements; and major public sector reform initiatives. The structure brings together different actors including Ministries Departments and Agencies (MDAs), Non-State Actors (NSA), and DPs. The working groups around “thematic areas” are set up around the various major public sector reforms, but will not be dealt with here. However, these reforms *do* affect implementation. DPs also have their own working groups (more than 30 – not shown in the figure) organised by sector and grouped into clusters. Here they discuss sector issues as well as harmonisation and alignment²¹. Groups making up the current dialogue structure are shown in the figure below.

¹⁹ Note that most of these structures existed even before MKUKUTA, but over the years, there have been attempts to make the system more efficient, ensure coherence, reduce transaction costs for all participants, and avoid duplication.

²⁰ The objective of the PER process is to increase the effectiveness of public expenditure prioritisation and management through an informed consultation process. The process is directed from the PER Main Working Group (PERWG), which draws membership from government, DPs, academic and research organizations, the private sector, and CSOs.

²¹ In reality, some of these sector groups are organised around ministries, rather than sectors

Current Dialogue Structure²²



PER=Public Expenditure Review; CWG=Cluster Working Groups; TWG=Technical Working Groups; MDAs=Ministries Departments and Agencies; GBS=General Budget Support; DP=Development Partners.
Source: UNDP (2008)

The dialogue around MKUKUTA was supposed to take place in the PER cluster working groups. However, these never really worked as MKUKUTA clusters but focused more on sectors and PER issues. Their relevance was undermined by processes where financing was discussed (GBS and the sector working groups). Moreover, when cluster working groups did meet, ministries represented themselves rather than the sectors. As a consequence, the only multi-stakeholder fora to discuss MKUKUTA implementation has been the MKUKUTA institutional structures which include the Technical Com-

mittee, Monitoring and Advisory Committee, and the Technical Working Groups (TWGs)²³ (culminating into the Poverty Policy Week). Here monitoring outputs, which include the MKUKUTA Annual Implementation Report (MAIR), the bi-annual Poverty and Human Development Report (PHDR), and commissioned papers on various topics are discussed.

The Poverty Policy Week (PPW) is an example of a forum which has contributed to debates about growth and poverty. These meetings have been held annually since

²² A new and simplified 'dialogue' structure has been agreed upon, and will be implemented in 2009 (see UNDP 2008).

²³ Technical Working Groups (TWGs) of the MKUKUTA Monitoring System include the Surveys & Routine Data, Research & Analysis, and Communications TWG.

2002²⁴. They draw a wide range of stakeholders including MDAs, DPs, representatives of CSOs, FBOs, media, private sector, trade unions, political parties, and research and academic institutions. They are meant to foster ownership of the MKUKUTA and provide a forum to reflect and exchange views on its implementation, achievements, challenges, lessons and future plans. However, although they are usually engrossed with heated discussions, the PPWs (like the other MKUKUTA institutional structures) have no decision-making mandate when it comes to implementation issues on the ground.

In contrast, the PER Macro Group is central²⁵. Here the MDAs and the DPs provide inputs to “the MTEF”. The MTEF has a resource ceiling which is partly determined by the amount of committed external assistance – so DPs are important in firming up these numbers. Other parts of the MTEF – the plans for expenditures – are supposed to come from sectoral/MDAs’ proposed MTEFs, which in turn are supposed to be based on committed support from DPs. Often the MDAs’ figures for external support do not match the figures with MoF from DPs. Another question is the extent to which sectoral/MDAs’ MTEFs are also serious budget documents. Many get cut at the last minute by MoF and are not re-planned within the sector/MDA.

As discussed earlier, although the MTEF is supposed to link the MKUKUTA to the an-

nual budgets, there is no clear evidence that this is actually happening, and the processes were overseen by separate Ministries until February 2008. While the Poverty Eradication Division (PED) provided overall coordination of the MKUKUTA processes, the Ministry of Finance coordinated the budget process. The former was first under the Vice President’s Office (VPO), and later the Ministry of Planning²⁶.

The important structures in terms of dialogue are the sector working groups. Typically, they also operate a number of sub-groups, thematic working groups plus ad hoc task forces. This is where the sector ministry, the sector-relevant DPs and NSAs (are supposed to) meet regularly to discuss sector and implementation issues. The sectoral PERs delve into detailed issues such as costing of sector interventions, the responsiveness of programmes to policy demands, performance indicators and monitoring and evaluation subjects.

The General Budget Support (GBS) modality and its process were initiated with the aim of providing completely fungible resources to the Government consolidated account in support of the implementation of the PRS. A Performance Assessment Framework (PAF) was developed, laying out a series of agreed “aims” and “actions” to be undertaken. The PAF contains the so-called temporary process actions (in the past they used to be called “conditionalities” and later “prior actions”)²⁷. Donor-government negotiations about general budget support

²⁴ In 2005 the PPW was not conducted because of election logistics and restructuring of the government administration, and in 2006-07 the event was mainstreamed into the Annual PER/MKUKUTA meeting in efforts to bring the two processes closer.

²⁵ NSAs were included in the PER groups, but MoF and DPs are so used to talking with each other, that NSAs are often forgotten. They do not get notices about meetings until the last minute, if at all. The Policy Forum, a large NGO, got fed up and decided it was not worth their time.

²⁶ PED is now in the Ministry of Finance and Economic Affairs.

²⁷ The PAF matrix has grown exponentially and now contains 77 separate actions, 13 of which are prior actions for the PRSC, with the addition of reporting requirements for 59 indicators within the PRS (Driscoll and Evans, 2003).

are centred on these actions. This is where DPs have considerable influence on implementation issues. Some of the Tanzanian technocrats interviewed felt crowded out by the presence of so many DPs in the dialogues who are used to being vocal, while Tanzania's discussion culture is consensual and says "listen first".

The GBS process builds upon and strongly links to sector involvement and other underlying processes. Sector and other reviews feed into the GBS working groups where inputs both to the formulation of PAF and to its subsequent monitoring are brought together. The quality of discussions in the sector working groups are important for budget support and hence for government-donor relations in general.

The GBS and sector working groups are therefore important platforms for DPs and government discussions of finances, and it is money that basically drives the "dialogue" (Therkildsen, 2009). That is why cluster working groups, which were supposed to deal with inter-sectoral synergies and coordination, never really took off. In addition, the MKUKUTA process itself has never really been subject to a budget constraint or proper budget planning. As a result the cluster working groups have not had their intended role.

To sum up: although most initiatives by government make reference to MKUKUTA in preambles, this seems to be a largely symbolic gesture, as more specific links to MKUKUTA in such documents are often difficult to identify.

The MKUKUTA is supposed to provide the roadmap for policy priorities, but there are no clear mechanisms in place to ensure that government budget machinery allocates public resources in line with these priorities or to improve cross-sectoral coordination and

synergy significantly. It is the MTEF and the budget processes rather than the MKUKUTA processes that have been used to set priorities.

The so-called dialogue structure geared towards implementation has not worked as intended either. Issues of synergy and coordination of sectors to achieve results – key concerns of the MKUKUTA – are overshadowed by concerns related to the GBS modality and its PAF that are central to government-donor negotiations. Implementation has been affected by the sheer technical difficulties of trying to execute a cluster and outcome based poverty and growth strategy.

Nevertheless, the MKUKUTA monitoring system – and the processes around defining, collecting and using the information generated by it – has been helpful in defining specific poverty and growth-related outcomes. These have generated some debates about poverty and growth issues in rather narrow policy, donor and NGO circles. It is, however, difficult to assess the extent to which these debates have yet had direct operational consequences.

6. OUTCOMES

The key implication of the preceding analyses is that the MKUKUTA strategies cannot be directly linked to actual outcomes, because the document itself does not provide sufficient prioritization, specification and sequencing to do that. Moreover, the planning/budget mechanisms that should operationalise strategic choices are weak, so that even a sharper prioritized MKUKUTA would be difficult to implement as intended. However, the MKUKUTA monitoring system *does* provide a basis for beginning to assess the extent to which key development targets are met, particularly in the area of growth and reduction of income and non-income poverty.

Macro-economic Indicators

MKUKUTA argues that maintaining a stable and predictable macro-economic environment to “achieve a sustained high growth rate of the economy and to generate rational responses to market signals” is needed (36-37). However, even before the MKUKUTA, economic policies during the 1990s also focused on macro-economic stabilization with little emphasis on poverty reduction (World Bank 2007, 276). Hence, MKUKUTA is not different in this respect.

Subsequent to the temporary setback in macro-economic policy during the first half of the 1990s, macro-economic stability was achieved in the late 1990s. Inflation was reduced from about 30 percent in the 1980s and early 1990s to single digits in the late 1990s, when severe fiscal imbalances were brought under control through prudent fiscal management. The balance

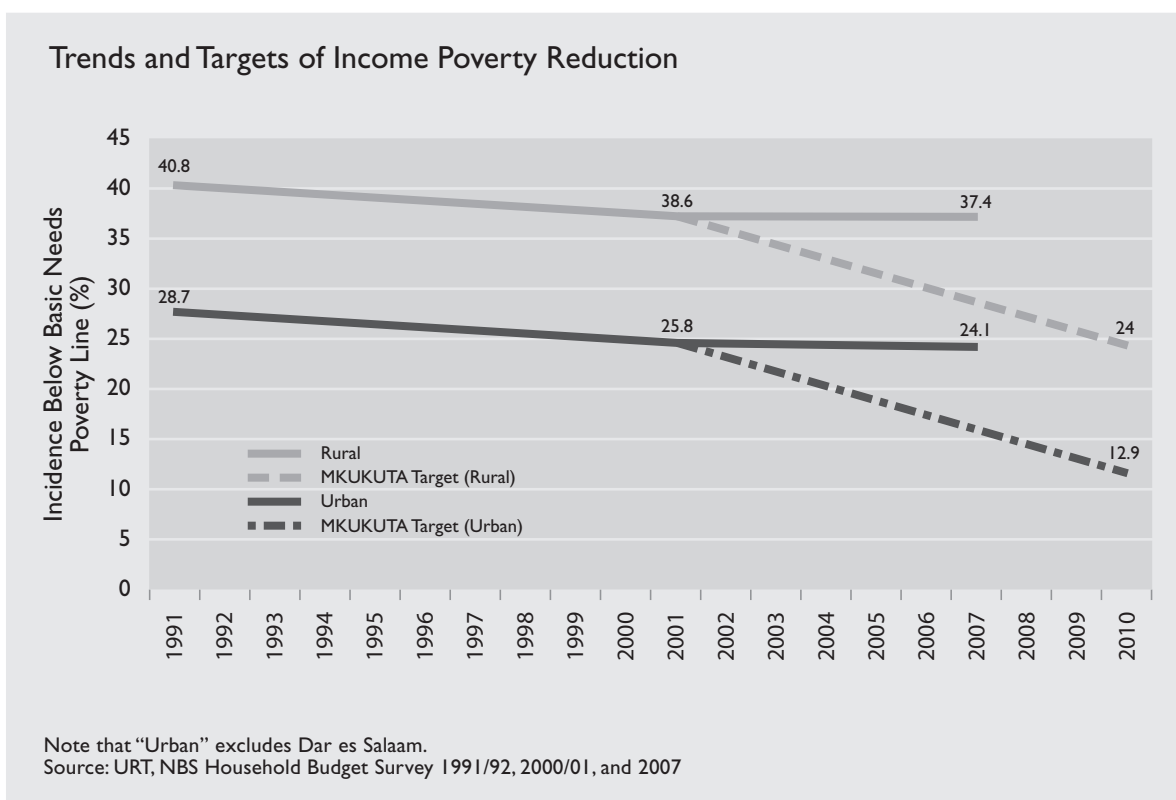
of payments improved significantly, reflecting large donor inflows and increased export earnings, mainly from non-traditional exports. GDP growth appears to have increased steadily since 1998, with an average annual growth rate of 6.75 percent during the period between 2000 and 2007. This rate is high compared to historical performance. This turnaround is a result of a steady process of reforms which transformed the macro-economic environment, even before the PRS initiatives started.

Income Poverty

Tanzania is undeniably off track in achieving both the MKUKUTA and MDG poverty reduction targets²⁸. The Household Budget Surveys of 2000/01 and 2007 show limited declines in income poverty levels over the period. Some 33.4 percent of Tanzanians fall below the basic needs poverty line and 16.5 percent below the food poverty line in 2007, a slight decline from the 2000/01 levels (with 35.6 percent and 19 percent for basic needs and food poverty lines, respectively).

The fall in poverty is mostly confined to Dar es Salaam and other urban areas. For rural households there has been little change. Poverty remains highest in rural areas, where 37 percent of the population falls below the basic needs poverty line. Dar es Salaam has the lowest level of poverty, with 16 percent below the same line. Poverty incidence is highest, at 38.7 percent, among those who identified agriculture as their main source

²⁸ MKUKUTA targets a reduction in basic needs poverty levels to the levels of 24 percent and 12.9 percent in rural and urban areas, respectively, by 2010, while the MDGs aims to reduce the incidence of poverty between 1990 and 2015 by 50 percent. In 1991/92, the poverty estimate was at 39 percent, so the objective is to reduce it to 19 percent by 2015.



of income. With that level of poverty incidence, and given that a large proportion of the population is still engaged in agriculture, it is not surprising that 74 percent of all poor people are primarily dependent on agriculture.

Trends show that inequality has not changed since 2000/01, and it remains highest in urban areas outside Dar es Salaam and lowest in rural areas.

Non-income Poverty

The non-income poverty measures are reflected in education, health, water and sanitation sectors, and this story is more encouraging²⁹. Since the early 1990s, progress has

²⁹ These sectors were among the so called "priority sectors" under PRS (I) which received increased resource allocations, and they have continued being key sectors under MKUKUTA.

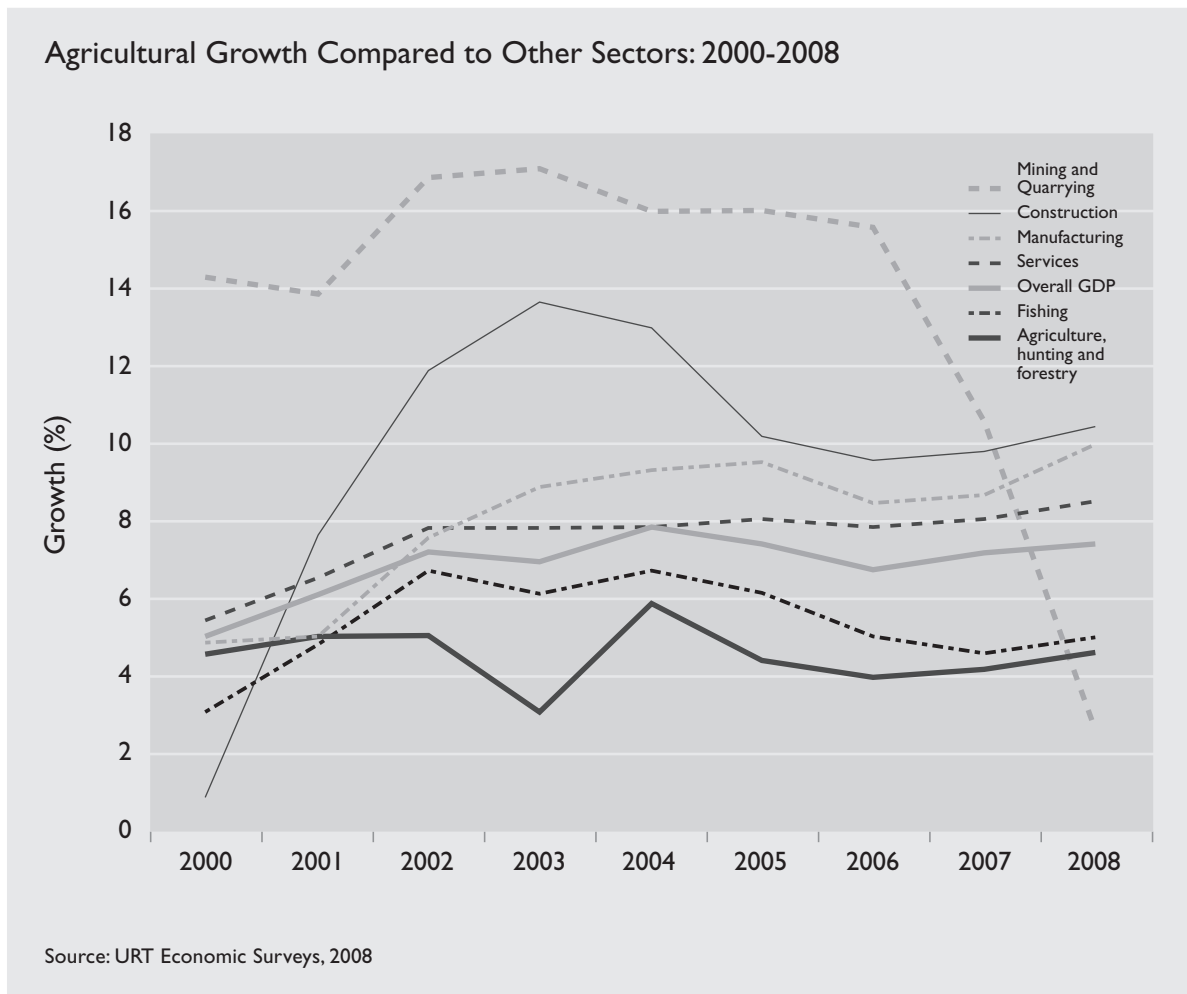
been made with some indicators, but there are still major challenges to overcome. National education indicators reveal largely positive trends of enrolment at all levels, although quality of education continues to be a major concern. In health, there has been a sharp reduction in infant and under-five mortality, so that both the national target and the MDG target may be achieved. The major blemish on an otherwise good score card relates to maternal health. Although maternal mortality is notoriously difficult to measure over time, there is as yet no indication of any improvement since the early 1990s. Linked to this is the stubbornly high neonatal mortality rate, which now accounts for nearly half of all infant deaths. As for the water sector, with current trends, MKUKUTA targets for rural water supply will not be met, although urban water supply coverage is substantially higher.

Productive Sector Initiatives

Agriculture, which is one of the major productive sectors reflected in the MKUKUTA, has not performed impressively. The gap between targets and actual outcomes is substantial; targets are not realistic and implementation progress is slow. For example, the annual growth rate for agriculture is set at ten percent per year in the MKUKUTA (this was clearly politically influenced as the CCM Manifesto sets and even higher target 20 percent). Even though this high target did cause some debate among specialists within NEC, the leadership insisted on maintaining the high rate. Also some participants in the drafting of the MKUKUTA had reservations about the

10 percent target, as the Agricultural Sector Development Strategy was based on a 5 percent growth rate (more consistent with actual sector growth). In other words, the technical basis for this target is rather weak (as it is for many of the other targets). Indeed, the recorded growth rate for agriculture has been around 4 percent per year since 2005 (URT, 2008). This is clearly not sufficient to meet the ambitious poverty goals embodied in MKUKUTA, and has triggered some recent technical debate although it is not clear what – if any – implications the government and DPs will draw from this.

The MKUKUTA monitoring system contains a number of other indicators related



to agriculture, but most of these can only be determined after national agricultural surveys are conducted³⁰. More detailed information about results must therefore be obtained from the monitoring and reviews of specific sector programmes, such as the ASDP³¹.

Irrigation is *the* major component of the ASDP. Some US\$ 1.5 billion was planned for that purpose over a seven year period (URT, 2006). Interestingly, *no* information is provided in the document about how much land will be irrigated through this investment. The target is politically set and reflected in President Kikwete's promise, when he entered office, that one million hectares of land would be irrigated during his first term in office.³² As the total irrigated area in 2005 was around 250,000 hectares, this signified a phenomenal yearly expansion (200,000 hectares/year). The irrigation target that the ASDP now *de facto* aims to achieve is much lower (some 379,000 hectares in 2011) corresponding to some 50,000 hectares additional land irrigated per year. The actual performance has been some 10-15,000 hectares per year (URT 2008 b).

Tanzania and its population are still highly dependent on agriculture, but productivity has remained low, especially among smallholder farmers who constitute the majority of agricultural producers in Tanzania. Production has fluctuated around low levels for most food and cash crops. A combina-

tion of low production, low productivity, and low quality of agricultural produce has significant limiting effects on rural growth and therefore on poverty reduction. Thus, poverty is anchored on the fact that about 75 percent of the population lives in rural areas and depends on underdeveloped smallholder primary agriculture production. The small size of cultivated plots of land, reliance on the hand hoe and traditional rain-fed crop husbandry practices characterizes smallholder agriculture. These are areas where strategic interventions on paper (MKUKUTA or otherwise) are yet to yield positive results.

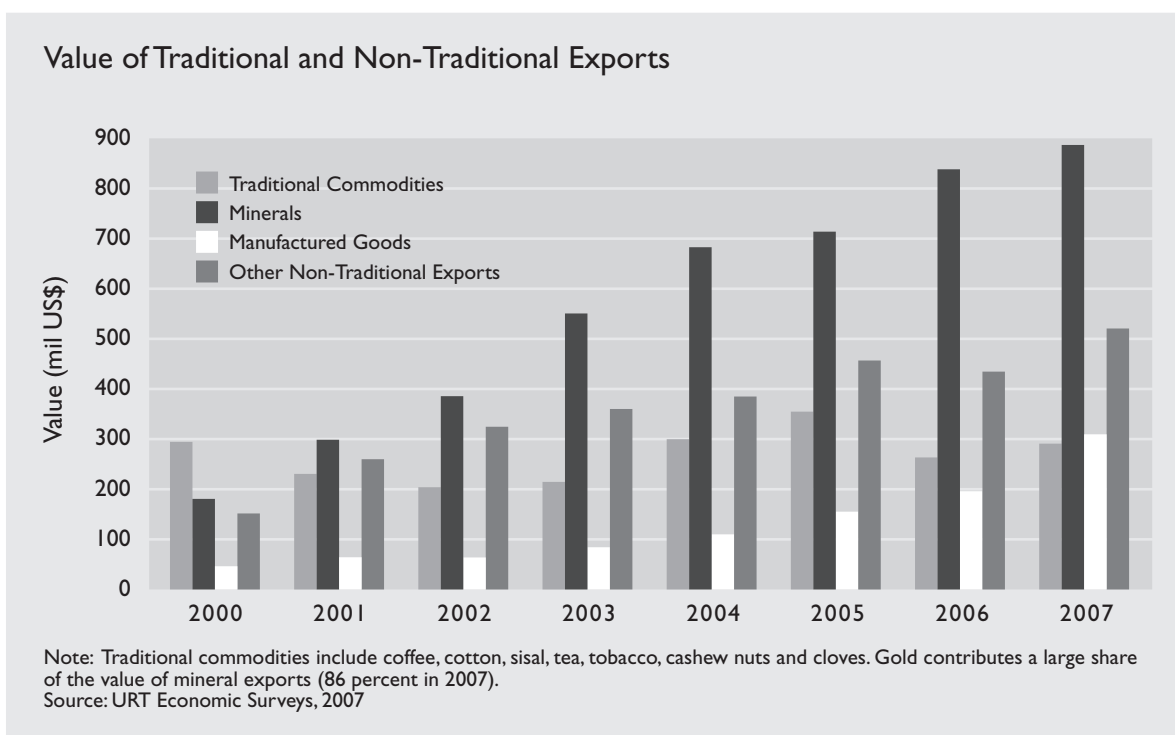
With manufacturing, the sector as a whole has grown at an average of 7.8 percent per year since 2000. The sector still has growth potential derived from its linkages to the rest of the economy including agriculture, as well as the country's natural resource base, especially in forestry, minerals and fisheries.

Since 2000, manufacturing exports have increased steadily although the share to total exports has remained below 15 percent. Overall growth in exports has accelerated more as a result of the very fast growth in gold production and other non-traditional exports such as fish and flowers. Traditional exports have fluctuated with the slight positive developments just about equalling negative ones.

³⁰ The last Agricultural Sample Census was conducted in 2002-03.

³¹ Its monitoring system is being developed (it was partly in place when implementation started in 2006/07).

³² If the investment cost of irrigating one hectare of land is set at US\$1700 then an investment of US\$1.5 billion will produce some 880,000 hectares. That cost is based on data from a donor-supported programme as reported in the ASDP.



The EPZ and SEZ are the latest more specific initiatives in the manufacturing industry sector in a long-lasting attempt by government to promote export and investment. While the EPZ initiative began in 2002, the SEZ initiative is newer, and both signify a shift in Tanzania's earlier industrial policies from import-substitution to also seeking to promote export led industrialisation. In SEZs, firms and investors can produce for both the domestic and export markets (unlike in the EPZs, where qualifying firms must export only).

SEZs are a central part of Tanzania's Mini-Tiger Plan 2020³³, which aims to accelerate economic growth and reduce poverty (Samanyi, 2007, 2). The Mini-Tiger targets are *very* ambitious: to accelerate economic growth from the current 5-6 percent to 8-10 percent per year; to create 3 million new jobs by 2020

³³ Tanzania Mini Tiger Plan, 2020. Final Report (2004). See <http://www.tzonline.or.tz/pdf/tigerreport.pdf>

(some 450,000 by 2010); to raise the share of industry in GDP from about 7 percent US\$ 1.2 billion in 2005 to US\$ 20 billion in 2020.

As for results on the ground, the EPZ/SEZ initiatives are still in their infancy stages and it is perhaps too early to properly assess their success or failure. For the EPZ, as of July 2008, the number of new firms (registered *and* operating) under EPZ had reached 18 compared to 5 in the previous year. The number of developers in infrastructure has also increased from 5 in 2007 to 8 in 2008³⁴. Among the specific achievements of the SEZ so far is that the “[c]onstruction of the first economic zone Benjamin William Mkapa (BWM) at Mabibo is in progress.³⁵ Efforts are underway to develop Mchuchuma Coal programme, establishment of ICT Science Park,

³⁴ See speech by the Minister of Industry, Trade and Marketing as reproduced in the Daily News paper of August 12, 2008.

³⁵ 13 local and foreign companies have applied for location in that zone.

Bio-energy programme and implementing a wood project.”

The EPZ/SEZ requires adequate funding and staffing to properly develop, implement, manage, facilitate and promote the initiatives. However, despite the rhetoric behind the relevance of these initiatives, inadequate funding has been reported as a problem in their implementation. So far, not much can be said in terms of the contribution of EPZs/SEZs towards accelerating economic growth and reducing poverty.

In more general terms, the manufacturing sector is an example of the contradiction between a “right” macro-economic environment and a disappointing sectoral performance. Emerging from being the worst affected during the economic crises of the early 1980s, (despite massive public investments), the sector has never really recovered. The main reforms in the sector evolved around restructuring activities and liberalizing the investment climate. While there were mild achievements in a few industries, the rest were either stagnant or worse off, and the potential for output growth and export performance are far from being exhausted. The ushering in of reforms did not go hand in hand with strategies of new technologies and capabilities. MKUKUTA does not seem to provide any new solutions either. The only way exports can compete in the world economy is through new technologies. Also, no industry can run smoothly in an environment where the whole range of basic infrastructure (including roads, airways, railways, and communication) and infrastructural inputs (water and power) leaves a lot to be desired.

This assessment shows that government efforts to address growth and poverty reduction (whether included or linked to the MKUKUTA or not) have had mixed results.

The core macro-economic indicators show reasonably sustained growth from 1995-2003 and a relatively strong macro-economic context. However, income poverty declined only slightly since 2000. In the social sectors, progress has been made on some fronts (e.g. enrollment in primary and secondary schools), and public opinion reflects an overall appreciation of gains in some aspects of social service delivery. However, there are still major challenges to overcome, particularly on issues of quality in education together with rural water supply. Productive sectors have also not performed impressively. But as stated earlier, these outcomes cannot be directly linked to MKUKUTA.

7. OVERALL CONCLUSIONS

Poverty Reduction initiatives have been part and parcel of Tanzania's development strategies and politics since independence. In that perspective, the PRSP of 2000 and the MKUKUTA of 2005 are just the last of numerous past attempts to address poverty issues. What distinguishes the MKUKUTA from all its predecessors is that the consultative process behind its formulation was broader and deeper, that the content has been expanded to include growth concerns along with the two other clusters of social well-being and governance, and that it seeks to provide coordination, synergy, guidance and ownership of strategy implementation through a participatory and elaborate and all-encompassing planning process across all main public sectors – including both central and local government.

MKUKUTA and its content and processes embrace the key elements of the New Poverty Agenda, whereby a participatory approach to its formulation was embraced to foster ownership; poverty reduction through a market-led growth with distribution is the central focus; and result-based management emphasized. Moreover, it has clearly helped to mobilize donor funds, and in that sense it is a success for those that see aid as central to Tanzania's development efforts.

The MKUKUTA monitoring processes and particularly the Poverty Policy Week have (to a limited extent) contributed to debates about growth and poverty. But generally, issues of policies on growth, productive sectors and poverty reduction are not prominent and recurrent themes in public debates. Such debates are – to the extent that they take place – mainly held in small circles of academics, politicians, administra-

tors and donor representatives, more so at the national level.

The comprehensive Monitoring System under MKUKUTA has helped to specify targets and indicators, which – although not yet completed – may help focus attention on outcomes on the ground. However, the links back into policy and planning processes have been weak in practice. Nevertheless, it brings key elements of poverty monitoring within a framework which has the potential to increase evidence-based policy making.

But MKUKUTA has largely failed in one key area which is to provide strategic direction across sectors, and directly influence implementation on the ground. It has contributed little to better inter-sectoral linkages and synergies – two central purposes of its innovative focus on clusters of sector initiatives to strengthen joint production of specific outcomes.

Why did it fail on the latter score? The reasons are many and interlinked: a well-intentioned and relatively participatory process led to a shopping list of un-prioritized interventions. The implementation machinery around the budget process that should help to turn strategic decisions into action is weak in the sense that there are no clear mechanisms in place to ensure that resources are allocated in line with MKUKUTA priorities (making even a “sharper” MKUKUTA difficult to implement). Hence, the crucial link to the budget and in particular the MTEF is missing.

As for domestic ownership, the extent of commitment across the spectrum of government institutions and political leadership, and broad public support for MKUKUTA implementation is mixed. While, there might be limited understanding and/or acceptance that MKUKUTA is the overall strategic guiding document, there is still strong support for some aspects of its content – especially

those areas which are clearly within the public sphere, and strategies are reasonably well articulated (e.g. in education and health), and less in areas related to income poverty (e.g. agriculture) where policies/strategies are not clear. Moreover, both Tanzanian politicians and DPs have sometimes pursued initiatives that divert from MKUKUTA implied priorities.

Now that preparations for a successor strategy are under way, it is time to place implementation concerns in focus including the alignment of the different systems and processes around the budget, which will ensure (in practice) that resources are allocated in line with identified priorities.

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