

TANZANIA: HARMONIZATION OF RESULTS REPORTING²

Executive Summary

Harmonization around results reporting refers to a state where governments and donors rely on country-based monitoring and evaluation systems³ for reporting on development interventions and socio-economic indicators. This requires that the institutions and systems of government are sufficiently strong to produce timely and reliable information that is integrated into the public sector management process and readily available to civil society.

Many countries, however, do not have sufficiently strong monitoring and evaluation systems, thereby decreasing their ability to effectively use these systems and the donor community's ability to rely on them for results reporting. In some cases, the lack of proper country level systems has resulted in donors financing individual activities to strengthen monitoring and evaluation—for example, statistical capacity, such as duplicative surveys or parallel M&E systems that are not integrated into national systems. These capacity building efforts are often not part of an integrated capacity building strategy. This lessens the potential impact and sustainability of support. Building this capacity is a long-term process of institutional change requiring both political support and significant investment in systems. It is therefore critical that expectations be realistic on what is possible in country contexts and how capacity can be deepened in a sustainable way.⁴ Examining country cases can improve our understanding of key variables for strengthening national monitoring and evaluation systems and thus improve harmonization around results reporting. This note examines the process of harmonization around results reporting in Tanzania, covering Poverty Monitoring Systems and Monitoring and Evaluation systems.

Tanzania is at the forefront of efforts to harmonize its development assistance. These efforts were born out of a low point in government-donor relations at the beginning of the 1990s. The discussion on harmonization evolved in a context of high aid dependency, high transaction costs in dealing with the range of uncoordinated priorities, and procedural and reporting requirements of multiple donors. The government subsequently took several important steps towards harmonization and alignment of policies procedures and practices to enhance aid effectiveness. These included the establishment of: The Independent Monitoring Group, the formulation of a Tanzanian Assistance Strategy in 2002, a Poverty Reduction Strategy, a Poverty Reduction Budget Support Facility, (with a common Performance Assessment

Authors:

Elizabeth M. White,
Sr. Results Specialist,
World Bank

Rema Balasundaram,
OPCPD Consultant,
World Bank

Robert Lahey, Consultant

² This draft paper was produced by Elizabeth White (World Bank), Rema Nair Balasundaram (World Bank), and Robert Lahey (consultant). The paper will be reviewed by the government of Tanzania and interested donor agencies.

³ The term “poverty monitoring systems” is often used in countries with a Poverty Reduction Strategy. For the purpose of this note, poverty monitoring systems are defined as the monitoring systems of the government.

⁴ Monitoring and evaluation is a critical pillar to enable managing for results. It provides the data and feedback mechanisms for policy decisions, programming, resource allocations, and management.

Framework), and a Tanzanian Joint Assistance Strategy. This study analyzes a series of issues that these experiences raise and illustrate.

Tanzania: Country Context

In the late 1980's and early 1990's, Tanzania was in the midst of a major crisis. The country experienced low GDP growth (less than 4%) and a rate of inflation exceeding 30%. A weak public expenditure and financial management system was characterized by lack of fiscal discipline, poor and ineffective budgeting and accounting systems, and a poor prioritization of expenditures. The policy and legal framework of the country was weak and, by the government's own admission, corruption, and under-funding plagued the public sector⁵.

Two key events occurred in the mid to late 1990's that served to foster change: One was the 1995 publication of the independent Helleiner Report, which outlined recommendations for improving donor-government relations and heralded the start of a new commitment to improving development cooperation and to reinstalling trust between development partners and the government.⁶ The second was the initiative taken by a strong donor group committed to putting a poverty monitoring system in place. Tanzania had not yet launched a Poverty Reduction Strategy Paper (PRSP), generally regarded as the key instrument to initiate such reform. Uganda was the original front-runner in establishing a PMS. Tanzania became the second country in the region to develop a PRSP.

Poverty in Tanzania is deep and pervasive. The country ranked 160th on the 2001 Human Development Index, below the average for Sub-Saharan Africa. Per capita income was US\$280 in 2002, also well below Sub-Saharan Africa's average of US\$450. The Household Budget Survey for 2001/02 states that 12.6 million Tanzanians, 36 percent of the population, live under the basic needs poverty line, with about one in five living in abject poverty. The majority of the poor, who are largely subsistence farmers, live in rural areas. Inequality is high, and regional and urban/rural income disparities are wide.

Geographically, Tanzania is large, unevenly populated, and largely rural. It depends heavily on agriculture for approximately half its GDP. For monitoring and analysis purposes, this only adds to the challenge of gathering and using consistent, timely, and relevant data at the national and subnational levels. It further compounds the difficulties in gaining agreement around objectives of harmonization of results reporting.

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⁵ Joint presentation by the government and her development partners, "Aid Coordination, Harmonization and Alignment in Tanzania", Africa's Regional Workshop on 'Harmonization and Alignment for Development Effectiveness and Managing for Results', Dar es Salaam, November, 2004.

⁶ The new government in Tanzania under the leadership of President Mkapa, elected in 1995, and its development partners jointly adopted the recommendations of the Helleiner report in January 1997 and formulated them into 18 'Agreed Notes', with actionable items for follow-up.

Evolution of the Tanzanian Poverty Monitoring System

An examination of the evolution of the Poverty Monitoring System (PMS) in Tanzania speaks to the interrelationships between the donor partners (both individually and collectively) and country officials. Between donor partners and country officials over time, there has been greater efforts toward joint action and increased harmonization. A maturing of the relationship has also occurred in the general direction of aid modalities, changes from project funding to sector-wide approaches (SWAs) and general budget support, and donors working to support the government self-managing efforts of aid effectiveness.

Early Efforts to Promote Harmonization around Poverty Monitoring

Development of the Poverty Monitoring Strategy Paper (PRSP) is generally regarded as the starting point toward implementing a Poverty Monitoring System⁷. While Tanzania was second to Uganda in implementing a PRSP in the late 1990s, there were earlier moves by donors in Tanzania toward greater harmonization. Efforts had been made prior to that time with developing poverty monitoring instruments and national strategy documents—for example, the National Poverty Eradication Strategy of 1998 and the Tanzania Development Vision 2025, also of 1998. The PMS was still very much in its infancy and the process moved very slowly.

Externally driven, the multilaterals—UN agencies and UNDP in particular—were particularly active in the area of poverty monitoring. Among the bilaterals, UK and the Nordic countries were very supportive. With some three-quarters of external project assistance to Tanzania being distributed outside the budget, it was evident that multiple accountability and reporting systems were in place. The donor community in Tanzania at the time, had a good grasp of systems and technical issues and wanted to deal with the myriad of systems in place for monitoring public expenditures.⁸ Technically capable donors on the ground saw the utility of initiating a dialogue with the government on the need for a Poverty Monitoring System. They supported the government in addressing the issue in ways that could advance the process.

Early on, there was recognition that government capacity was limited and few incentives were in place for poverty monitoring. Initially at least, the focus was to move at a pace that would not alienate institutions and would be inclusive and participatory. Public discussion included not only identification of the priorities for the PRSP, but also the institutional framework for monitoring and the choice of indicators for the PMS⁹.

⁷ PRSPs build on the Comprehensive Development Framework approach and are developed with four key principles in mind: country ownership with a broad participatory process, domestic and external partnerships, a comprehensive poverty reduction plan, and a results-orientation.

⁸ Norway was the first bilateral to commit all its foreign aid through the budget.

⁹ Government officials stated that the extensive participatory and consultative approach that Tanzania undertook has increased the “reliability of the system” as well as “enhanced (its) credibility.”

The Poverty Monitoring Master Plan (PMMP): A Distinctive Feature of the PMS in Tanzania

The Poverty Monitoring Master Plan was published by the government of Tanzania in 2001. It described an institutional framework consisting of seven main elements. Four of these represent the working arm of the system—that is, technical working groups with separate mandates and chaired by different institutions or agencies of government. In addition to describing the institutional framework for poverty monitoring, the PMMP also serves to provide a short- and medium-term policy framework for the PMS and speaks to human resource training and capacity building issues. This is important since it implicitly recognizes that development and implementation of an effective PMS takes time¹⁰ and addresses ongoing skepticism among many donors of country capacity to measure and monitor. The PMMP provides a sense of direction to the PMS on how and where it will be improved and a strategy that donors can support.

Participation was broadened through the inclusion of donors, civil society, and various agencies and ministries of government as members of the steering committee and the technical working groups. The framework allows for frequent opportunity and structured dialogue around technical and non-technical issues pertinent to harmonization and alignment. Dialogue is also assisted through the mapping out of various roles and responsibilities of the major government and development partner players.

Notable features of the PMMP also include:

- A review of information needs and indicators for poverty monitoring.
- A discussion of the current and proposed work of each of the four technical working groups, which includes an assessment of training requirements and a budget for each.
- A costing of the activities of the PMS as well as an overall budget and suggestions for a funding mechanism for poverty monitoring. (It should be noted that the PMS is now included in Tanzania's Medium-Term Expenditure Framework, so the PMMP has a rolling three-year time horizon.)
- A focus on data—different types, different sources, and at both national and sub-national levels. The multi-year survey program, coordinated by the National Bureau of Statistics (NBS), allows for a more coherent and rational strategy for data capture and use. This helps avoid the bureau being overloaded with work in a given year.
- A direct focus on data producers at the subnational level, coordinated through the Routine Data Systems Working Group. This is acknowledged as probably the weakest link in the system. Yet in light of its importance for the long-term ability to measure and monitor results, it brings focus to

¹⁰ In fact, designing and implementing an effective PMS can take several years. It is not clear though whether there is a common understanding across all stakeholders of the long-term and iterative process that is normally required in developing sound results-based measurement and monitoring systems.

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subnational data gathering and has nurtured some efforts to improve the ability to generate robust data and information. While complicating the process at the outset, subnational indicators and service-level monitoring will eventually require data at this level of aggregation.

- A recognition, through the existence of the Research and Analysis Working Group, of the importance of evaluative-type research by the other two data-producing working groups. More importantly, this capacity provides the ability to assess the impacts and effects of particular project or program investment, something that monitoring information on its own cannot adequately address.¹¹ This greatly enhances the ability to identify messages to inform policy.
- An awareness of the potential users and uses of information generated by the PMS—that is, the national government, local and district-level government, civil society organizations, the general public, and the media. The Dissemination, Sensitization, and Advocacy Working Group has focused on providing information to these groups. For example, it has created a government web site (www.povertymonitoring.go.tz). It organized Poverty Monitoring Weeks three successive years, with the intent of broad dissemination of information and exchange of ideas, as well as a plan for similar events within regions with the idea of bringing messages down to a district and village level. It has produced a ‘popular’ version of the Poverty Reduction Strategy document. The working group, which is responsible for identifying ‘information needs’ of government, is in the process of facilitating timely linkage between ‘data producers’ and ‘data users’ in government.

The government of Tanzania has established an institutional framework for the PMS that is well designed, widely owned and inclusive. Yet other factors have confounded implementation and the use of results measurement in government. The committee–working group structure of the PMS allows for substantial interface between potential users and producers of data and information; however, this by itself is insufficient to generate the impetus to link results information with the policy and planning process.

Recent work by a joint World Bank and UK bilateral project has pointed to issues within the institutional setting that negatively affect both the demand for and supply of results information across the system. Much has to do with the lack of incentive to produce good quality data. On the demand side, few incentives encourage the use or need for results information, especially if budgetary decisions are not performance-based. One factor is simply newness in the government setting. Another is a resistance to change, particularly where vested interests could be negatively effected. This has much to do with the fact that the PRS is not yet well linked to the budgetary process.

¹¹ This is a recognition of the fundamental difference between ‘performance monitoring’ and ‘evaluation’ as accountability tools, where the latter allows for linking measured ‘results’ with particular project or program investments—in other words, allowing for the examination of causality and attribution issues.

PRS2: An Opportunity to improve the PMS

The first PRS has now come to the end of its three-year cycle, and a follow-up strategy—the National Strategy for Growth and Poverty Reduction, PRS2—was scheduled to be finalized at the end of 2004. The new strategy differs from the earlier strategy in several ways. It will be based on a five-year time horizon; and unlike the first PRS, which focused on particular sectors (seven, in fact), PRS2 will focus on ‘outcomes’ and ‘activities’. It will cover three broad clusters—growth and income poverty reduction, improvement of quality of life and social well-being, and governance and accountability. The intent is to link sector strategies with broad outcomes of the new PRS.

The heightened profile to governance and accountability is important for poverty monitoring and results reporting. It implies that increased emphasis will be placed on monitoring and evaluation systems as part of public sector management. Finally, reflection on a new PRS provides the government and development partners with an opportunity to take stock of how well the PMS is performing. It considers where and how well the various players in the system are linked with one another and with the budget process. It also addresses issues like: What needs to be done to further the idea of harmonization in general? How to improve capacity both to measure results and use results information across the system?

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Lessons Learned on Initiatives and Instruments Promoting Harmonization around Results Reporting

The PRSP process provided both a vehicle and an opportunity to advance harmonization of results reporting. By serving as a coherent framework for poverty monitoring, it provided a common basis for donors and government officials alike to begin to identify a strategic approach to poverty reduction initiatives. Through this, some commonality in measuring and monitoring objectives were created. The process itself was vitally important since it provided an opportunity and a structured approach to dialogue. This raised the level of awareness among donors on the need to search for ways to harmonize donor reporting requirements, or to rely completely on government systems.

A number of other initiatives and instruments were introduced around this process. These have also served to advance the harmonization agenda. Their importance varies in respect to results measurement and reporting; however, they have all served to maintain the momentum of this broad initiative.

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The PRSP provided an opportunity and vehicle for a coherent framework for poverty monitoring. In moving toward actual operationalization of results reporting, a significant step forward was the Poverty Reduction Support Credit (PRSC) by the World Bank. While the PRSC tightened the relationship between the lending and technical assistance functions of the World Bank, it has also brought a subset of the PRSP indicators into focus, making these indicators more practical and easier to use. With a ‘policy matrix’ spanning three years (that is, “previous,” “current,” “next”), it represents a time horizon well within the planning framework of most countries.

In addition to the PRSC from the World Bank, budget support in Tanzania is presently provided in the form of Poverty Reduction Budget Support (PRBS)¹² from 11 bilateral partners and the European Commission. There is also a Structural Adjustment Loan from the African Development Bank.¹³ The PRBS and the PRSC are aligned to each other in support of the PRS, and they are linked to a Performance Assessment Framework¹⁴, jointly agreed upon by the government and partners. This is the same performance assessment framework that is a part of the loan agreement under the PRSC program with the World Bank. This mechanism has served to help harmonize results reporting among the multilateral and bilateral donors contributing to government budget support for poverty reduction.

Harmonization around results reporting has been introduced at the sector level. Currently in Tanzania, SWAp instruments are in place in the health and education sectors. A SWAp is emerging in the agriculture sector. Working groups have been set up to address the need for harmonization of processes, reporting formats, and monitoring for the most advanced work in the areas of health and education.

Where sector monitoring systems exist in health and education, work is underway to harmonize systems. While donors report that they do indeed use these government monitoring systems, reservations continue to be expressed. In health, for instance—the most advanced sector for SWAps—the recent OECD-DAC survey found “health sector information systems are in place, but they require further development and alignment with the PRS.”¹⁵ And despite the observation that “data systems are becoming increasingly robust,” the WHO reports that “performance monitoring in the health sector faces problems of reliability and timeliness of health information.”¹⁶ As a result, it relies on a variety of sources, including its own performance monitoring and reporting system that is not part of government monitoring.

There are also examples of harmonization around results reporting in investment lending. For example, the government established an Education Sector Development Program for coordinating ministries and agencies responsible for education and training, as well as for partnership collaboration among the government, donors, and other stakeholders. This framework, which includes reviewing and reporting, is used for analysis of sector issues, program preparation, and monitoring and evaluation. This has proved an effective mechanism for coordinating players in the sector. In addition, the government’s management system is used for implementation.

¹² The 10 bilateral donors include Canada, Denmark, Finland, Ireland, Japan, the Netherlands, Norway, Sweden, Switzerland, and the United Kingdom.

¹³ The African Development Bank is currently preparing to align the structural adjustment loan to become a Poverty Reduction Support Loan in terms of the joint monitoring framework used in the PRBS/PRSC instrument.

¹⁴ It is important to note a disconnect between the donor-driven PAF and the government’s PRS. The PF Memorandum indicates “the intention of the parties to harmonize the PRS action plan and the PAF completely within three years”, that is, by 2005. Recent evidence suggests, however, that the annual review mechanisms of the PRSP are still insufficiently robust to support greater harmonization and alignment. In other words, the disconnect between the PAF and the PMS will likely continue for the foreseeable future.

¹⁵ OECD-DAC, ‘Survey on Progress in Harmonization and Alignment, Tanzania Country Chapter’, draft report.

¹⁶ Ibid.

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Impacts of the program include improvement in program outcomes—for example, increases in net enrollment in primary school from 65 percent in 2000 to 85 percent in 2002 and a gross enrollment ratio rose from 78 percent in 1990 to 100 percent in 2002. In addition, the program has successfully improved the teacher-to-pupil ratio, teaching facilities, and the learning environment. It has also led to ministries, departments, and agencies to reconsider their attitudes toward analysis of sector issues. There is also a stronger link between resources and program needs, and greater ownership and pro-activity on the part of the government for successful implementation

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The Tanzanian Assistance Strategy

Tanzania and its development partners institutionalized their commitment to increased coordination and harmonization with development of the Tanzanian Assistance Strategy in June 2002. It is a three-year strategic framework for improving coordination and harmonization under Tanzanian leadership and ownership, and was formulated under the coordination of the Ministry of Finance. While it is broad based and goes beyond harmonization of results reporting, the latter is reflected in both the overall guiding framework of the strategy¹⁷ and in one of four priority areas of the its Action Plan—namely, to harmonize and rationalize government and development partner processes.

A formal structure exists to dialogue and to monitor progress. This includes a joint government-development partner Harmonization Group for the strategy, and a joint technical secretariat. Both are chaired by the Ministry of Finance and include representatives from sector ministries, the vice president's office, the president's office (for planning and privatization), and development partners. A Tanzania Assistance Strategy annual implementation report and an external biennial assessment by an independent monitoring group serve to monitor progress, establish new ideas and initiatives, and detail a plan of action for the coming year.¹⁸

Lessons from Independent Evaluations

An OED/IEO Review in 2004¹⁹ of the PRSP found important positive changes in how business has been conducted in Tanzania in recent years:

While the Tanzania PRSP recognized the multidimensional nature of poverty, it has not been sufficiently comprehensive in its implementation. The conceptualization of vulnerability in the PRS was weak, and reflected the lack of consideration to the relationship between governance and poverty. During implementation, the focus was on nonincome poverty at the expense of income poverty, hence there tended to be greater emphasis on social sectors and less on investment in productive sectors of the economy to generate

¹⁷ Of the 13 'best practices' drafted in the TAS document, included are the items: 'Reporting and accountability systems are integrated (#5); 'Development partner policies complement domestic capacity building (#8); 'The government creates an appropriate national accountability system (#11); and, 'Reporting and accountability at national and sectoral level is transparent.' (#13).

¹⁸ To date, one IMG report has been produced. A second, covering 2003 and 2004 will be available early in 2005 and serve to inform development of Tanzania's next generation of Harmonization and Alignment initiatives, the 'Joint Assistance Strategy', still in the concept stage.

¹⁹ Operations Evaluation Department Independent Evaluation Office: Evaluation of the PRSP, July, 2004. Tanzania Country Case.

sustainable increases in the income opportunities of the poor. On the whole, the Tanzania PRS is *results-oriented and focused on outcomes that benefit the poor*. It has enhanced the mobilization of resources and the focus on priority sectors—with public expenditure reviews as major inputs. During the PRSP process the shares of priority sectors in expenditures were found to rise steadily, although PER analyses have indicated that spending within priority sector needed to be better targeted to the poor. The PRS process has substantively enhanced national processes for poverty monitoring and a poverty monitoring and master plan now guides all monitoring activities. However, the feedback between monitoring of results and policy actions requires improvements.

Certain important changes predate the PRSP, for example, the PER system and the shift toward partnership roles with donors following the Helleiner Report. Policies have been affected in certain areas. Examples include the composition of expenditures, the modification of the macroeconomic program to accommodate higher aid flows, and elimination of fees at the primary school level. On the other hand, the approach has had little impact in other important policy areas such as trade policy). The report describes Tanzania as “a good illustration that it is the PRSP *process*, not the *document* itself that matters.”

The first PRSP was found to be weak in many respects. However, three years following the launch of the PRSP, policymakers were able to flesh out the strategy and improve poverty monitoring mechanisms. This raises the question of why the national strategies that preceded the PRSP were not used more concretely as a basis for the PRS process. Attention is also drawn to the fact that the World Bank could have been better prepared for the PRSP by assisting Tanzania to conduct a household budget survey prior to 2000. Bank staff provided substantial technical advice during implementation of the PRS, in analyzing the results of the household budget survey, and in establishing the Poverty Monitoring System²⁰.

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How Harmonization of Results Reporting in Tanzania Illustrates the MfDR Principles

1. At all phases—from strategic planning through implementation to completion and beyond—focus the dialogue on results for partner countries, development agencies, and other stakeholders.

- Harmonization around results and results reporting requires an open dialogue on the usefulness of all levels of information—for Government policy decisions, program alignment in results oriented country programming, monitoring and evaluation.
- The links between the Poverty Monitoring System and the Poverty Reduction Strategy—with linkages to the MTEF bring this principle into practice

²⁰ The World Bank provided technical expertise and sectoral inputs in the social sectors like education and health and via the PER process and supported the 1st and 2nd Annual Progress Reports. The PER process in particular has been well recognized for its support of the PRSP and its principles, and the MDBs played a leading role in promoting and expanding the PER from an external technical assessment to a country-led participatory process involving a wide range of stakeholders. (OED/IEO PRSP Review, 2004).

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2. Align actual programming, monitoring, and evaluation activities with the agreed expected results

- Harmonization of results reporting recognizes the need to rely on country systems
- The PMS is built on the PRSP which articulates the results

3. Keep the results reporting system as simple, cost-effective, and user-friendly as possible.

- The capacity of the country to monitor and evaluate, and collect appropriate data is a central feature of harmonization around results reporting.

4. Manage for, not by, results by arranging resources to achieve outcome.

- Donors rely on the Government system for different reasons – depending on the level of information generated by the M&E system and depending on the instruments being used.
- A central tenant of building country capacity is ensuring that any monitoring and evaluation capacity is part of public sector management processes and that it is used for policy and programming decision making.

5. Use results information for management learning and decision making, as well as for reporting and accountability

- The dynamic between relying on country systems for donor reporting and supporting countries in building a culture to manage for results (which requires strong monitoring and evaluation systems as part of public sector management) requires that these two aspects be appropriately balanced.
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Contact

Elizabeth M. White, Sr. Results Specialist, World Bank

E-mail: ewhite1@worldbank.org

Phone: 1-202-473-7065