

# **Research and Policy Nexus:**

Perspectives from Twenty Years of  
Policy Research in Tanzania



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Published for:  
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Published by:  
Mkuki na Nyota Publishers Ltd.

Publication Title:  
Research and Policy Nexus:  
Perspectives from Twenty Years of Policy Research in Tanzania

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ISBN: 978- 9987-75-396-3

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## Abbreviations

AERC:	African Economic Research Consortium
AGM:	Annual General Assembly
AKSCG:	Association of Kilimanjaro Specialty Coffee Growers
CAG:	Controller and Auditor General
CCT:	Conditional Cash Transfer
CDF:	Comprehensive Development Framework
CMI:	Chr. Michelsen Institute
CPUs:	Coffee Processing Units
CSA:	Cane Supply Agreement
DbyD:	Decentralization by Devolution
DCGL:	Dwangwa Cane Growers Limited
DFID:	Department for International Development
ERB:	Economic Research Bureau
ERP:	Tanzania Economic Recovery Programme
ESRF:	Economic and Social Research Foundation (ESRF)
FAO:	Food and Agriculture Organization
FFYP:	First Five Year Plan (FFYP)
FSDT:	Financial Sector Deepening Trust
FYDP:	Five Year Development Plan
GDP:	Gross Domestic Product
GrOW:	Growth and Economic Opportunities for Women
HDI:	Human Development Index
HIPC:	Highly Indebted Poor Country
IDRC:	International Development Research Centre
IFMS:	Integrated Financial Management System
KNCU:	Kilimanjaro Native Cooperative Union
LGAs:	Local Government Authorities
LGCDG:	Local Government Capital Development Grant
LGRP:	Local Government Reform Programme
LGRT:	Local Government Reform Team
MDGs:	Millennium Development Goals
MKUKUTA:	Mkakati wa Kukuza Uchumi na Kupunguza Umaskini Tanzania (Swahili Equivalent of NSGRP)
MKUZA:	Mkakati wa Kukuza Uchumi na Kupunguza Umaskini Zanzibar
MMRPs:	Multi – Annual Multidisciplinary Research Programme
MTEFs:	Medium Term Expenditure Frameworks
MVC:	Most Vulnerable Children
NAIVS:	National Agricultural Input Voucher Scheme

NSGRP:	National Strategy of Growth and Reduction of Poverty
NGOs:	Non-Governmental Organizations
NMB:	National Microfinance Bank
NPES:	National Poverty Eradication Strategy
O&OD:	Opportunities and Obstacles to Development
OCS:	Open Competitive System
OGP:	Open Government Partnership
OVC:	Orphans and Vulnerable Children
PCs:	Primary Cooperative Societies
PEDP:	Primary Education Development Plan
PEFAR:	Public Expenditure and Financial Accountability Review
PETS:	Public Expenditure Tracking Survey
PPA:	Participatory Poverty Assessments
PRS:	Poverty Reduction Strategy
PRSP:	Poverty Reduction Strategy Paper
PSSN:	Productive Social Safety Net
PSSS:	Policy and Service Satisfaction Survey
QSDS:	Quantitative Service Delivery Survey
RAWG:	Research and Analysis Working Group
RAWOO:	Netherlands Development Assistance Research Council
SAGCOT:	Southern Agricultural Growth Corridor of Tanzania
SAPs:	Structural Adjustment Programmes
SAS:	Staff Absence Survey
SDGs	Sustainable Development Goals
SBT:	Sugar Board of Tanzania
SDI:	Service Delivery Indicators
SSP:	Social Support Programme
TAC:	Technical Advisory Committee
TASAF:	Tanzania Social Action Fund
TCA:	Tanzania Coffee Authority
TCCCO:	Tanganyika Coffee Curing Company Limited
TCH:	Tonnes Per Hectare
Tshs.:	Tanzanian Shillings
UNCTAD:	United Nations Conference on Trade and Development
UNICEF:	United Nations Children's Fund
VEOs:	Village Executive Officers

## Acknowledgements

The book *Research and Policy Nexus: Perspectives from Twenty Years of Policy Research in Tanzania* can be viewed as a continuation of the books published by REPOA associated with key events or milestone of the period. In 1994, at the inception of REPOA, a book edited by the late Professor Mboya Bagachwa was published under the title *Poverty Alleviation in Tanzania: Recent Research Issues*. After ten years of REPOA existence, a book titled “Researching Poverty in Tanzania: Problems, Policies and Perspectives” compiled by Professor Idris Kikula, Dr. Jonas Kipokola, Professor Issa Shivji, Professor Joseph Semboja, and Dr. Ben Tarimo was published. The first book identified emerging research issues that informed the early thematic research areas of REPOA. The second book collected selected papers that were funded and published by REPOA around its thematic research areas. This *Research and Policy Nexus: Perspectives from Twenty Years of Policy Research in Tanzania* book, therefore, reflects on the link between research and policy, and the roles that research has served to inform the evolution of policy in Tanzania over the last two decades, i.e. 1994-2014.

We would like to begin by thanking all who conceived the idea of establishing REPOA and worked so hard to take it from the conception to an operating organization. This includes the members of the Steering Committee (renamed subsequently as the Board of Directors), members of the Technical Advisory Committee, and staff. Some of them continue to serve REPOA in different capacities to date. We would also like to thank the Government of The Netherlands for providing core funding from the inception of REPOA all through to 2014. Many other development partners and organizations joined hand to support REPOA through basket and through other arrangements, which together contributed to making REPOA a reputable institution as witnessed today. We extend our sincere appreciation to development partners, foundations, and the ministries, departments, and agencies of the government of Tanzania who have continued to provide financial and non-financial support to enable us fulfil the noble cause of strengthening policy research capacity and in providing evidence for making policies and programmes for inclusive development.

We could not have completed this book without the efforts of all contributors to the different chapters. We are very grateful for their efforts and contributions. We also appreciate the Communication Manager Joyce Bayona and Executive Assistant Godliver Manumbu

for their attention to details in the final moments of setting up the manuscript. Nonetheless, all members of staff have worked tirelessly and with passion and commitment over the years to produce the outcomes discussed in this book. We thank all of them and respect their contribution.

Finally, we thank our publisher, Mkuki na Nyota, who demonstrated flexibility and efficiency that have made it possible to publish this book.

**Donald Mmari and Samuel Wangwe**

*October 2016*

## Foreword

On the 11<sup>th</sup> of January 1994, in my capacity as Minister for Science, Technology and Higher Education, I was invited to open a workshop on research on poverty. In my address, I noted the then existing gaps in research in the field of poverty, which suggested the need for reviewing the assumptions, strategies and weaponry of the war against poverty. I also stated that the priority of eradication of poverty – removal of hunger, ignorance and disease – were top on the agenda of the government. I outlined the efforts we had made since independence; our successes, and challenges we faced, particularly in sustaining the achievements of the war against poverty at that time, and the role of research in informing policy and in guiding implementation. It was important to understand why some interventions had not worked and how they could be designed better. I also called for the participants to put together recommendations on how sizable research funding could be mobilized, noting the potential trade-offs between competing uses of public funds in which research is given its proper share.

The resolutions of that workshop resulted in the establishment of the Research on Poverty Alleviation (REPOA) programme for enhancing research capacity on the causes, consequences, and ways of alleviating poverty. It was supported fully by the Netherlands government. I am very pleased that just over twenty years after the programme was established, REPOA has evolved to become a credible and among the top independent think tanks in Tanzania. As this book shows, REPOA's work has greatly helped to strengthen policy research capacity in Tanzania, and contributed significantly to policy dialogue and to bringing forward the evidence needed to shape better policies and strategies to alleviate poverty and to achieve social progress. While the link between research and policy is not always linear or straight forward, the innovation, patience, and strategic partnerships that REPOA has built over that period has helped to strengthen the link between the two. The success stories and the obvious influence research has played in shaping policies and strategies, making them more responsive to systemic causes and impacts of poverty and demonstrating the criticality of sustaining economic growth in effectively reducing poverty has produced dividends. We have more children in schools, gender parity has improved, better health habits are observed, and high economic growth rates have been sustained for more than fifteen years.

Despite these achievements, research work must continue, and evidence based policy making is still needed to address the many development challenges that still remain and new ones that emerge. Global Agenda 2030 aspires to leave no one behind by 2030; Agenda 2063 on the Africa we Want aspires to a competitive, modern industrial society in Africa; and our own Development Vision 2025 aspires to a middle-income society, characterized by a competitive and dynamic economy with high productivity. Global threats of climate change, conflicts, and migrations are all too evident and Tanzania will not be spared from their impact. All these will have to be taken into account, if Tanzania is to achieve the visions enshrined in these policy documents. The direction REPOA has taken to address the challenge of poverty through broader socioeconomic transformation for inclusive development is consistent with these global, continental and national development perspectives. The context of changing global political, economic, and trade relations will make research and scientific evidence ever more critical to informing effective policies, strategies, and interventions.

I congratulate REPOA's present and former Executive Directors and staff, and all national and international researchers and stakeholders, who have contributed to making it a viable and respected research institution that has been playing a vital role in discussions of policy alternatives and providing much needed service. I wish REPOA great success in the future.

**Benjamin William Mkapa**

*October 2016*



# 1

## Introduction

Donald Mmari and Samuel Wangwe

This book is intended to highlight the key policy issues and policy space that policy research institutions like REPOA have been occupying and are to continue to occupy in future. A typical book of this nature would have demanded a team of editors and authors from many institutions, since influencing positive policy change takes the efforts of many researchers and other stakeholders. Recognizing the complexity and the time involved in using that approach, the editors of this book chose an unconventional approach, by drawing from accumulation of research and policy engagement by REPOA. This is somewhat akin to a case study, but one that looks across multiple case variables and draws experiences of other parties in relation to the subject at hand. In this context, the book highlights the role that policy research has played and the space it has occupied in the evolution of policy making in Tanzania and in the broader evolution of the development paradigm. We examine the changing landscape of policy issues that policy makers have had to grapple with and locate the space that policy research has occupied in policy evolution over time during the last two decades, which marks the 20<sup>th</sup> Anniversary of REPOA.

While two decades may feel too short to the institutions that have been in existence for many years, that same period witnessed dramatic evolution in policies that set the stage for the current economic and social structure, and the direction the nation seeks to pursue. The proactive engagement of REPOA in the policy development processes since then warrants, therefore, a dedicated narration of selected activities of REPOA and its associates and collaborating institutions, and how these have contributed to enhanced research capacity and expanded the scope of research in promoting evidence-based policy dialogue, and influencing policy development in Tanzania. This is what this book seeks to achieve in seven chapters, each focusing on a selected policy area as summarized in this introduction.

## **Positioning in International Discourse and National Policy Concerns**

The international discourse on development has changed over the years: From growth and development in the 1960s to a basic needs approach in the 1970s to neoliberal policies under Structural Adjustment Programmes (SAPs) in the 1980s and back to poverty concerns from the 1990s. In the last two decades, economic growth concerns have dominated the debate, which has now drifted towards economic growth with transformation as a means to deliver on a more inclusive development. After the decade of implementing the structural adjustment programmes in the 1980s, the development paradigm shifted to poverty and social concerns in the mid-1990s, as seen in the Copenhagen Summit of 1995 and later the World Bank's Comprehensive Development Framework (CDF) of 1999. These were also followed by the Millennium Development Goals of 2000. The concerns on unsustainable debt led to the tying of debt relief to the preparation of acceptable Poverty Reduction Strategy Papers from 2001 based on the CDF. The second generation of PRSPs started to address growth concerns and in recent times there is increasing realization of the centrality of growth with transformation as depicted in debates on the post-2015 development agenda. Developments in policy concerns resonated to these global developments.

At the national level, policy development in Tanzania has shifted dramatically over the last two decades. The earlier emphasis on structural adjustment programmes gradually faded away, as policy concerns were turned to address poverty as represented by the National Poverty Eradication Strategy (NPES) in 1997 and the Tanzania Development Vision 2025 in 1999. The NPES was a medium term strategy that outlined causes of poverty and policy actions for delivering desired growth targets and reducing income poverty by 50% by 2010. The vision articulated desires to eradicate abject poverty and achieve a middle income status by 2025.

The establishment of REPOA coincided well with these policy concerns over poverty and placed priority on research into various dimensions of poverty and capacity building in research on poverty issues. Development policies around poverty have since shifted over time, driven in part by policy research, and in part by the development stakeholders influences embedded in the political economy. Policy research has responded to these shifts, influencing the direction of policy change over time.

The first Poverty Reduction Strategy Paper (PRSP) was developed along with a comprehensive poverty monitoring system in 2001 which provided for supportive independent research and analysis. The activities and the research fund were managed by the Research and Analysis Working Group (RAWG) of the National Poverty Monitoring System to which REPOA functioned as the Secretariat. Key functions of RAWG were to set priorities for research and analysis, and to coordinate implementation of a research programme that informed PRS progress towards its targets and proposed policy changes and interventions based on research findings. The functioning of RAWG involved the participation of various stakeholders from research and academia, civil society organizations, government, and the donor community. The Economic and Social Research Foundation (ESRF) and the University of Dar es Salaam were also well represented, which gave research a unique space in generating evidence that was used directly in shaping policies. RAWG identified research gaps and priorities, through a thorough consultative process, and then developed a research framework to inform PRS monitoring. This process made its research very relevant and the resulting outputs very influential to the policy development processes. One of its key outputs was the Poverty and Human Development Report (PHDR).

The First PHDR (2002) provided the first overview of the status of poverty by following the progress against targets set in the Poverty Reduction Strategy (PRS) indicators. It provided analytical work on geographical disparity of poverty, urban poverty, the macro-micro linkage and vulnerability. It conveyed an important message that although growth was necessary for poverty reduction, it was important to understand more deeply the nature and quality of that growth and its transmission mechanism to effect poverty reduction. The PRSP framework brought up the importance of vulnerability and its multi-dimensional character.

The resulting research contributed to the shift from PRS to MKUKUTA (Swahili Acronym for National Strategy for Growth and Poverty Reduction (NSGRP) in which growth was recognized as an important poverty reduction driver. While agriculture was identified to be a priority sector in the PRSP, links between agricultural policy and outcomes in terms of the composition of agricultural output, production technology, and structure and distribution of agricultural assets essential for transmission mechanisms to poverty reduction were identified in subsequent research.

Another outcome of policy messages from research was a stronger link between PRS implementation and monitoring on one hand, and Public Expenditure Review (PER) on the other. This resulted in increased policy attention and debate on the linkages between economic growth and poverty reduction as discussed in detail in the PHDR for 2003. An important addition was made on the analysis of governance more broadly, covering issues of corruption and accountability in social service delivery.

The research programme of REPOA during this period (2004-2009) was geared to addressing poverty alleviation in the context of broader issues of the nexus between growth and poverty, agriculture and environment, vulnerability and social protection, and socio-political and cultural issues. Governance, technology and gender constituted important cross-cutting agenda. The implementation of this research programme contributed to the second generation of PRS (MKUKUTA I for 2005-2010) which contained the three clusters of growth and income poverty, quality of life and social wellbeing, and governance and accountability. The work of REPOA became increasingly aligned to addressing these fundamental policy needs for identifying constraints to economic growth, how to enhance productivity and understanding of the quality of growth, how social protection could become more transformative, and how reforms in the governance structures could enhance accountability and service delivery that would be growth-enhancing for sustainable poverty reduction.

Further studies on economic growth illuminated the nature of rural growth in particular as addressed in the PHDR of 2005, establishing a framework for research on growth and poverty in the Tanzanian context and bringing out the importance of employment and labour productivity, demographic factors, and conceptualization of the link between economic and social policy. Deeper understanding of generalized insecurity and conceptualization of in-formalization influenced the thinking towards a view that social protection can contribute to transformation by strengthening the human and system capabilities and productive competencies. Chapter Five covers the issues of social protection in more detail.

The thematic analytical focus in 2009 renewed the policy discourse on active industrial policy, specifically on the role of the state in a developing market economy. The fundamental proposition on a developmental state stressed the importance of a clearly defined vision, a long-term development strategy, maintaining macroeconomic stability and ensuring good governance, along with a strong political

leadership and competent and committed civil service. The MKUKUTA II, a successor development framework for 2010/11-2014/15 and the First Five Year Development Plan (FYDP) 2011/12-2015/16 embraced some of these elements, stating the significance of well-functioning institutions and markets, good governance, and economic efficiency promoted by public investment in key infrastructure and public-private partnerships. These state-led interventions would serve to unleash the Tanzanian growth potentials, leveraged by infrastructure investment and transformation of agriculture, which should lay the foundations for industrial development. Chapter Three discusses in detail how research influenced the policy agenda in the context of the national poverty monitoring system.

A major concern over emancipating the majority of the citizens of Tanzania from poverty is transformation of agriculture and the rural economy where the majority of the people of Tanzania lives and derives a livelihood. This concern is an old challenge with which the leadership has grappled since Independence through a series of reform experiments. The First Five Year Plan (FFYP) of economic and social development in 1964 aimed at attaining relatively fast growth in agriculture, to be achieved through the “improvement” approach to traditional production on the one hand, and through a “transformation” approach involving opening up new areas for modern and mechanized farming on the other. Both of these approaches, however, produced mixed results, with failures in most cases due to various reasons. Chapter Six discusses this historical policy transition in more detail, along with the recent initiatives such as Kilimo Kwanza adopted in 2009.

Of interest to note here is the on-going National Agricultural Input Voucher Scheme (NAIVS), which aims at improving access and adoption of critical agricultural inputs in order to boost food production and reduce pressure on prices of food staples, thereby increasing incomes and bolstering food security. Research into this scheme has informed the continuous improvements in the process of delivery and targeting, with due consideration given to its fiscal sustainability.

The challenge of transforming agriculture and the rural economy continue to be high on the research agenda. The objective is to achieve high productivity and a competitive agricultural sector driven by smallholders and a complementary interaction between smallholders and large scale farming. The research carried out on coffee, sugarcane and cashew nuts, detailed in Chapter Six indicate that transformation of agriculture can be realized by engaging innovative institutional and organizational arrangements aiming to reduce transaction costs,

maximize efficiency to technology transfers, and integrate producers into the value chains in ways that benefit them.

## **Addressing the Local Economy and Local Government Reform**

The local government reform agenda in Tanzania began in 1996, and was aimed at streamlining central-local government relations within the broader context of public sector reforms with a view to improving public service delivery. The reform agenda was translated into the Decentralization Policy of 1998 based on decentralization by devolution (DbyD) and implementation through the Local Government Reform Programme (LGRP). The reform addressed devolution of political, administrative and financial decision-making powers and duties from the central to the local government levels. Chapter Four covers Local Government Economy and Government Reform in detail.

Consistent with the decentralization policy, research on governance and accountability evolved over time to reflect the important linkages between good governance and economic growth and poverty reduction, not only at the central government level but also at the local level. The work of REPOA on local government and service delivery in the late 1990s and the subsequent collaborative research with the Chr. Michelsen Institute (CMI) of Norway on formative research on local government reform from 2002 provided significant inputs into the local government reform process. This ten-year research programme was established to closely follow the implementation and development of the reform with a view to documenting processes of change and impacts of the LGRP, and to provide key stakeholders with feedbacks and lessons learned from implementation of the reform. The research focused on lessons from the three broad dimensions of the reform, *i.e.* governance, local government finances and financial management, and service delivery.

Policy decisions by some local government authorities and linkages between governance and accountability benefited from this research. Research provided information on drivers of power and the institutional process underlying the budget process and more inclusive planning at sub-district levels.

The research found that the local government reform brought some noticeable improvements in local government authorities, including substantial increases in human and financial resources. Between 2003 and 2009, local government budgets more than doubled, mainly because of increased fiscal transfers from the central government. Although

citizen access to information on local government budgets and accounts had improved, a main challenge was to provide information on fiscal issues in ways which were understandable and which reached the general public. The engagement of citizens in budget processes including public expenditure tracking systems was aimed to address this challenge. Chapter Seven discusses these findings in more details.

### **Capacity Building in Research and Policy Analysis**

As the history of REPOA describes in Chapter Two, its first mandate was to develop policy research capacity in Tanzania, particularly in poverty analysis. At the time of REPOA's establishment in 1994, many researchers opted for short-term consultancy projects, and many others had no interest or resources to engage in policy relevant research. REPOA's capacity building programme was targeted at young researchers, and this was done through research grants under the Open Competitive System (OCS). In this system, researchers were also encouraged to team up with senior researchers to facilitate learning by doing, augmented by rigorous mentoring at different stages of the research. A stringent quality assurance system, including anonymous peer reviewing, open seminars, and oversight by the Technical Advisory Committee (TAC) strengthened capacity development and ensured high quality outputs that were eventually published and increasingly demanded in policy dialogue forums. Tailor-made training programmes on research methodologies, writing skills, and research-user skills such as budget analysis and expenditure tracking became increasingly important in REPOA's portfolio. This experience resulted in a collaborative post-graduate diploma programme on poverty analysis, run jointly by REPOA, ESRF, and the ISS. The programme ran for eight years and was funded by UNDP. Chapter Eight provides more details on capacity building initiatives.

The forgoing introductory summary suggests that the past two decades have shown that policy think tanks have increased their role and influence on policy, serving as a bridge between government policymaking and citizen needs. Over the period the need for a dynamic policy making process has increased following the forces of globalization and demands for strengthening the bridge between research and the effectiveness of the policy making process. The past twenty years have included such key dynamics in accelerating the spread of information and the technological revolution, the increased demands for openness and transparency, the increasing complexity and

technical nature of policy issues, including the integration of global and regional commitments, the increased societal demands for elected government and public officials to deliver development results to the citizens and the non-state actors, and the need for timely and concise information and analysis. These dynamics indicate that development challenges will continue and think tanks will be expected to generate timely and accessible policy oriented research that effectively engages policymakers, the press and the public on the critical issues facing Tanzania and the region as a whole.

REPOA has responded well to the policy and development needs of Tanzania in line with current developments in the country, and those reflected in the regional international development agenda, such as the East African Community Vision, Agenda 2063, and the Sustainable Development Goals (SDGs). These have informed its current research programme organized in three interrelated areas, namely, natural resources as foundations for economic growth and socioeconomic transformation; industrialization, enterprise development, and employment as pillars for economic growth and transformation; and governance systems and transformative social protection as essential ingredients for inclusive growth and development. The synergy and complementarity among the three thematic areas are important for generating knowledge and evidence that is relevant for the development challenges of our time.

## A History of REPOA

Hubert Shija

### Introduction

Development partnership between the Netherlands and Tanzania that started in the 1960s led to the inception of REPOA in 1994 (Blackie, Wendoh, Andreasen, Mosha, & Bhattbhatt, 2008). This partnership began through a bilateral aid programme known under various names as: the Netherlands Development Cooperation with Tanzania, the Netherlands Development Assistance to Tanzania, and the Netherlands Development Programme with Tanzania (Operations Review Unit, 1994).

The Dutch development assistance policy has been changing over time. The most important change which led to the birth of REPOA was that in 1992 Dutch policy shifted to building the capacity of research in developing countries as articulated in their Research and Development policy document. This shift in Dutch government policy towards research led to the introduction of a more cohesive and programmatic support for capacity building in research for developing countries known as the “Multi-Annual Multidisciplinary Research Programme” - (MMRP). These MMRPs were established in Bolivia, India, Mali, Nicaragua, Uganda, Tanzania and Egypt. The MMRP, established in Tanzania in November 1994, was called the Research on Poverty Alleviation Programme - REPOA (Policy and Operations Evaluation Department, 2007); (REPOA, 1990s). In the second half of 2012, the programme name was changed to REPOA to best cater for an evolving REPOA primary objective to assimilate broader inclusive policy market demand. REPOA is not an acronym of Research on Poverty Alleviation, but rather the name of the institution. The slogan on the logo was slightly changed to ‘Policy Research for Development’ replacing ‘Research on Poverty Alleviation’ to reflect the widened mandate.

By 2015, REPOA was in operation for twenty years since its commencement in 1995. In these years it has grown and evolved to realise its mission and vision.

The rationale of this chapter is to provide REPOA's stakeholders and other interested parties with an historical perspective of how REPOA originated and developed over its first twenty years.

## Context and Ownership

The Dutch government established a bilateral aid programme to help Tanzania become economically self-reliant/macro-self-reliant with minimized poverty negative impacts. This programme *cum* policy started in the 1960s and was called the Netherlands Development Cooperation with Tanzania, the Netherlands Development Programme with Tanzania, and the Netherlands Development Assistance to Tanzania. In 1992, the Dutch government initiated the Research and Development Policy of 1992, with objectives to build institutional capacity for research in developing countries in a participatory manner. The establishment of REPOA aimed at enhancing Tanzania's participation in its policy design and implementation to bring about ownership (Operations Review Unit, 1994).

Tanzania was selected amongst other poor countries as a priority and became the first one in sub-Saharan Africa to receive the Dutch aid. Selection criteria were that: "1. She was one of the poorest country in the world, 2. Her good political stability, 3. She had little socioeconomic inequalities, 4. She had rather good records on human rights, and 5. Her development philosophy that reflected self-reliance was consistent with the Dutch development policy" (Operations Review Unit, 1994).

Between the 1970s and 1980s, the Dutch government provided less than 20% of its total aid to Tanzania direct to support poverty alleviation and the basic needs of the population through rural development projects. This was done through promotion of economic opportunities and delivery of social services. The other 80% was directed to support the Tanzania Economic Recovery Programme - ERP (Operations Review Unit, 1994). It was then realized and concluded that areas of direct concern to the poor were neglected. Thus since the 1980s attention to poverty alleviation increased and there was concern that knowledge about poverty and its dimensions was limited and needed to be enhanced through research (Operations Review Unit, 1994).

A major shift in the Dutch aid policy paradigm occurred in 1992 when the concept of research and development was introduced.

It was then emphasized that developing countries should be helped to make up their scientific deficit (Policy and Operations Evaluation Department, 2007). The 1990 policy document titled "A World of

Difference” paved a way to the 1992 research policy. The “World of Difference” document states, “scientific research potential and scientific knowledge are very largely concentrated in the rich North and are associated with interests in the North. At a time when the importance of scientific knowledge for economic, technological, and social development had steadily improved, it was obvious that developing countries should have their own research capabilities”. The report suggested that, as a counterbalance to a northern scientific community with worldwide pretensions, the South needed to be asking its own questions and developing - by using its own scientific know-how.

This new research policy had two objectives: first, contribution to acquisition and revision of knowledge of the processes of change in developing countries, and second, strengthening or development of the local research capacity since minimal researches were conducted by the universities as available funding was mainly dedicated to the teaching human resources. The University of Dar es Salaam (UDSM) had carried out standard and quality research until the end of the first half of the 1980s. The quality and standards of research fell due to the economic crisis and SAPs of the mid-1980s; most research funding became limited, especially in the late 1990s. This situation forced UDSM researchers to prefer short-term and more paid consultancy work to longer term and less paid research work (Policy and Operations Evaluation Department, 2007; REPOA 1995) (Policy and Operations Evaluation Department, 2007). This new policy therefore had the following areas: putting demands in developing countries before the Dutch and other Western universities’ supply; emphasizing multidisciplinary and problem-based research involving interaction between research and policy; and giving Southern partners ownership over the research (Policy and Operations Evaluation Department, 2007).

With this new policy, research collaboration between the Dutch government and developing countries shifted from a supply driven and individual research project approach to a demand led and more cohesive and programmatic approach; that is, the MMRPs (Policy and Operations Evaluation Department, 2007). In Tanzania, REPOA became one of the MMRPs, established in response to the new Dutch government policy on aid assistance to developing countries. The policy highlighted four main aspects of the MMRPs, which are, first, the independent development of a research agenda under the responsibility of a local programme administration team; second, a multidisciplinary approach; third, the involvement of policymakers from government and non-

governmental organisations and representatives of relevant grassroots organisations in the establishment and targeting of programmes, with a view to facilitating optimal tailoring of research to social needs; and fourth, the involvement of representatives of Dutch bodies responsible for development activities and development policy in order to promote the use of research findings and to permit questions for research posed by policymakers and executive bodies.

The setting up of nine MMRPs was not an easy task since it required a great deal of “invention”. On the Dutch side, only the chief scientist (Prof George Wadenburg), the staff of the Spearhead Programme on Research and selected staff from the Advisory Council for Scientific Research in Development Problems later known as the Netherlands Development Assistance Research Council (RAWOO) in 2007 were involved. From the supported countries, committed and like-minded scientists, policymakers and grassroots organisations were sought, found and brought together to brainstorm research themes and topics; the Dutch just enabled and supported the process (Policy and Operations Evaluation Department, 2007). The logic behind this was to encourage ownership and a demand-driven approach.

National ownership and demand-driven approach was ascertained in the approach that finally led to the establishment of REPOA. First, a scoping study was carried out in which Ms Marie Hulsman-Vejsova, an officer from the Dutch Ministry of Foreign Affairs, visited many institutions in Tanzania and consulted with many stakeholders to establish whether there was a demand and space for the programme. Indeed, her report confirmed that there was indeed great demand for the new programme. Second, the Dutch government facilitated a meeting with Tanzanian experts (Mr Joseph Rugumyamheto, then member of the Tanzania Development Research Group (TADREG); Prof Yadon Kohi, the former Director General of COSTECH; the late Prof Mboya Bagachwa, then Director of the Economic Research Bureau (ERB); and Prof Samuel Wangwe, then a Senior Research Fellow at the UNU-Institute for New Technologies in Maastricht). This team brainstormed and identified the research theme for the programme as Research on Poverty Alleviation. Third, a workshop of stakeholders was held in Dar es Salaam in January 11-12, 1994 to determine the key poverty issues in Tanzania. The workshop was opened by the Minister for Higher Education, Science and Technology, Hon Benjamin William Mkapa. In this workshop a keynote address was given by Mr J. L. Yzermans, a Counsellor at the Royal Netherlands Embassy in Tanzania. Eight papers

reflecting the selected themes were presented (Network for Research on Poverty Alleviation Programme (REPOA), 1994). Participants at this workshop were academic researchers, as well as representatives of the public and private sectors, Civil Society, NGOs and the donor community (Policy and Operations Evaluation Department, 2007). The workshop was a step towards the establishment of the REPOA research programme (REPOA, 1995), (Bagachwa, 1994).

Fourth, the first research programme for REPOA was written by the late Prof Bagachwa and Prof Wangwe in 1994, drawing considerably from deliberations at the stakeholders' workshop. Fifth, the research programme was determined and supervised by the Steering Committee composed of key Tanzanian stakeholders.

MMRPs were set up in different ways in different countries. In Tanzania and Bolivia, new organisations were established, that is REPOA and PIEB, respectively. In Bangladesh, a programme was affiliated with an existing institution. In Mali and in Vietnam, it was incorporated as a programme into the existing government structure. In India and Egypt, the programmes were designed as partnership with intermediary/hosting organisations. The set up took between two and four years after the introduction of the Research for Development policy in 1992 (Policy and Operations Evaluation Department, 2007).

The Netherlands development assistance policy kept on changing and consequently it influenced MMRP growth. For instance, in 1998 the research for development policy lost its prominence after becoming less of a political priority when "the sector wide approach" was introduced and focused more on social than productive sectors. As a result of this change, from 2001 the Directorate-General for International Cooperation (DGIS) Research Bureau had less influence on research policy and control, thereafter it stopped central funding for showpiece MMRPs in 2004 (Policy and Operations Evaluation Department, 2007).

However, in 2005 the research for development policy cropped up again with emphasis on a use of knowledge for poverty reduction and sustainable development with the Dutch Development Cooperation policy. In this manner, research became one of multiple means in meeting the knowledge need (Policy and Operations Evaluation Department, 2007), (Zuccala & van Eck, 2011).

## Inception

REPOA was established as an independent institution after being registered with the Registrar of Companies under the law of Tanzania [the Companies Ordinance (Cap. 212)] on 30th November 1994 issued with a certificate of incorporation number 26588 (Tanzania Registrar of Companies, 1994). The REPOA Memorandum of Association stipulates clearly the objectives of REPOA clarified as a company limited by guarantee and not having a share capital. Amongst the four options of creating MMRP in Tanzania, two were explored: First the programme to be hosted in the existing institution, ESRF, but with its own Steering Committee and avoiding influence or supervision by the existing governance of the hosting institution; and second the programme to be a new institution. Priority was given to the former option, but due to the hosting conditions the Board of ESRF did not approve that proposal. REPOA was then established as an independent institution.

Concurrently, REPOA and its first book, *Poverty Alleviation in Tanzania: Recent Research Issues* were launched on 10 February 1995 at the Kilimanjaro Hotel, at event officiated by the then Minister for Community Development, Women and Children Affairs, Hon Anne S. Makinda, who later became the Speaker of the 10th parliament of the United Republic of Tanzania (REPOA, 1995), (Tanzania Parliament, 2012).

## Objectives, Characteristics, Structure and Growth

### *Objectives*

At its inception in 1994, REPOA mainly aimed at increasing an understanding of the root causes, nature, scope and different dimensions of poverty in Tanzania. Its sub-aims were to: “strengthen local research capacity; set up an autonomous poverty research network; increase knowledge and understanding of poverty among grassroots organisations, local researchers and research institutes, policymakers and development practitioners; and contribute to the development of poverty alleviation policies and disseminate research results and link up researchers with potential research users” (Policy and Operations Evaluation Department, 2007), (REPOA, 1990s), (Network for Research on Poverty Alleviation, 1994). In other words, REPOA’s main goal was to improve the lives of people in Tanzania through research, training researchers and research users, and informing national policies.

### *Characteristics*

Over the years, REPOA's work till to date has mainly been characterised by the following features: providing a learning by doing approach for young researchers; organising technical and training workshops; financing small research projects; doing research commissioned by other stakeholders; engaging associate researchers to conduct specific research activities; acting as a key player in technical groups like the Research and Analysis Working Group (R&AWG) and Gender Macro Working Group (GMWG); and implementing special action research programmes such as the grassroots research programme, the small trader network fact finding pilot and the public expenditure tracking system (PETs) at local levels, (Policy and Operations Evaluation Department, 2007), (Blackie, Wendoh, Andreasen, Mosha, & Bhattbhatt, 2008).

Another key element of REPOA work is its annual research workshop (ARW), an event that brings together researchers, academicians, policy makers, the private sector, civil society and development partners to discuss policy issues emerging from research, research methodologies, and research capacity. The first ARW took place in 1996, and since then, it has been a tradition for REPOA to hold it every calendar year (REPOA, 1997). The first research workshop was opened by the late Hon Dr Omar Ali Juma, the then Vice President of the United Republic of Tanzania (REPOA, 1997). The main workshop purpose was "to stimulate debate and dialogue on various national and global development issues amongst researchers and research users; to disseminate research findings; to build and maintain a network of national and international researchers; and to build capacity of national researchers in development research areas" (REPOA, 1997), (Mbuguni, 2012).

In each of these workshops, themes reflect REPOA's evolving research agenda, national development agenda, and the global economic and political developments. Various national leaders have officiated and attended these workshops, which have become significant national policy dialogue forums.

### *Organisation Structure*

Between 1995 and 1996, REPOA had three organs of governance, which were the Steering Committee (SC), the Technical Advisory Committee (TAC), and the REPOA Secretariat. The 1996 review led to a change in the structure, thus from 1997 it included five organs (REPOA, 1998) as follows:

The Annual General Assembly (AGM), taking place once every year, is composed of ordinary members from the institution, corporate and interested members from the public and board members. Its function is to receive and consider the financial statements and the reports of the Board of Directors and the Auditors, to appoint auditors and determine their fees, and to make any adjustments to the articles of association as deemed necessary to enhance the organization's functions in fulfilment of its mandate. Membership is open to individuals committed to fighting poverty and promoting inclusive growth in Tanzania. Its members come from the government, private sector, civil society, research and donor communities. Membership application is made to the AGM through the management of REPOA.

There is a Board of Directors (BoD) (formerly known as the Steering Committee up to 1997) which consists of not more than twelve and not less than seven members. The function of the Board is to provide overall policy guidance for and supervision of REPOA's programme implementation. Members of the Board represent a wide range of stakeholders such as the government, civil society/NGOs, private sector, and academic and research community. They are appointed on a personal merit basis (REPOA, 1990s), (REPOA, 1995), (Policy and Operations Evaluation Department, 2007).

The Technical Advisory Committee (TAC) consists of nine members. These members are selected from leading policymakers, researchers, and academicians. The main function of the TAC was to provide the management and board with technical advice on research and training matters (REPOA, 1990s), (Policy and Operations Evaluation Department, 2007). The roles and composition of the TAC, have, however, changed in recent years, to align it with the changing nature of programme activities.

The management of REPOA is led by the Executive Director and consists of heads of departments and units. Some internal re-organisation have taken place over time to reflect the changing needs of the organization, including the opening of more room for research, monitoring and evaluation and learning, and strengthening synergy between thematic research areas.

## ***Growth***

REPOA has grown remarkably in phases of four and five years since 1995. These phases are defined along the periodic strategic plans. Of note is that it has developed very differently from other MMRPs (Policy and Operations Evaluation Department, 2007). The main growth indicators are budgets and staff growth since these reflect the levels of institution's activities.

**Phase I: 1995 – 1999:** This was the first phase whose strategic plan was reflected in the Memorandum of Association (Network for Research on Poverty Alleviation, 1994) with the focus on capacity building of local researchers. It had two research granting systems - Window I and II. The first window was an Open Competitive System whereby independent researchers are invited to submit research proposals and the successful ones are given grants to implement their projects. Under this Window young researchers were provided support through a peer review process and some annual training (Policy and Operations Evaluation Department, 2007), (REPOA, 1990s). An evaluation done in 1997 showed that mentoring and coaching systems and annual training were highly appreciated (Policy and Operations Evaluation Department, 2007).

The second Window, a Structured Research Programme (SRP), was set up so that REPOA develops research proposals in the relevant selected topics and commissions experienced researchers to implement them (Policy and Operations Evaluation Department, 2007), (REPOA, 1990s). The main purpose of these two windows was to enhance quality and societal relevance (REPOA, 1990s). Window two also enabled REPOA to carry out research at the request of third parties (Policy and Operations Evaluation Department, 2007).

During that period of time, REPOA produced 24 publications (1 book, 14 special papers, and 9 research reports). By the end of 1999, REPOA had five members of staff (REPOA, 2000).

REPOA's major sources of funding included grants from donors, commissioned works, and collaborative projects. However, the Dutch Government provided almost 99% of the budget. Other sources accounted for a very small proportion of the budget (Policy and Operations Evaluation Department, 2007), (REPOA, 1999), (REPOA, 2000). In the last year of this phase, REPOA spent TZS 432 million (REPOA, 2000).

The leadership was under the late Prof M.S.D. Bagachwa as the Executive Director (known as Programme Director) and secretary to the BoD (known as the Steering Committee up to 1997) till his passing

on April 7, 1996. Prof Joseph J. Semboja, who was a TAC member and Director of ERB of the University of Dar es Salaam was appointed as the Executive Director (known as Programme Director up to 1997) and Secretary to the BoD (known as the Steering Committee) from 18 April 1996. The first chairperson of the Board of Directors (BoD) was the late Prof Cuthbert C.K. Omari.

**Phase II: 2000 – 2004:** Prof Esther Mwaikambo was elected as the chair of the Board, in November 2001, taking over from the late Prof Cuthbert C.K. Omari. The strategic plan of this phase restated the overall goal of REPOA to alleviate poverty and strengthen research capacity, but in this phase REPOA decided to strengthen its link with the grassroots and introduced the logical framework matrix with a goal, purpose and outputs (REPOA, 2001).

Window III (the CSO Research Programme/CSO Action Research Programme) was introduced in this phase with a purpose of working with civil society, including NGOs and volunteer organisations, to strengthen their capacity for research and action for poverty alleviation. This enabled REPOA to have three Windows during this phase. In this phase REPOA participated in the formulation and implementation of the first PRSP and the Tanzania Assistance Strategy (TAS) in 1999 and 2000 respectively (Policy and Operations Evaluation Department, 2007), (REPOA, 2003). The formative research programme on Local Government reform was also started during this phase, which was a collaborative research project with the Harvard Institute for International Development (HIID), Chr. Michelsen Institute (CMI), and the Norwegian Institute for Urban and Regional Research (NIBR) (REPOA, 2003). During these five years, REPOA produced 61 publications (2 books, 16 special papers, 32 research reports, and 13 briefs). By the end of this period, there were 16 staff members (REPOA, 2005).

REPOA still received a large proportion of its funding from the Dutch Government, but it began to diversify its sources. Other funders were the British Government via the Department for International Development (DFID), the Royal Danish Government, the United Republic of Tanzania, and the Norwegian Agency for Development Cooperation (NORAD). Others included the United Nations Development Programme (UNDP), the United Nations Children's Fund (UNICEF), and the Japan International Cooperation Agency (JICA) (Policy and Operations Evaluation Department, 2007), (REPOA, 2001), (REPOA, 2002), (REPOA, 2003), (REPOA, 2004). Total expenditure in the last year of this phase was TZS 1.9 billion (REPOA, 2005).

**Phase III: 2005 – 2009:** The strategic plan of this phase followed the logical framework: a goal, purpose and outputs. The goal was for those five years to contribute to the national goals as articulated in Vision 2025 on poverty eradication. The purpose was to enhance an understanding of poverty and its possible results with the aim of contributing to Tanzania development by facilitating the creation and use of knowledge (REPOA, 2010). Five outputs were adopted, mainly: adequate research capacity in place; strategic research facilitated and undertaken, utilisation of research findings stimulated; alliances with stakeholders enhanced; and REPOA's capacity to effectuate research (REPOA, 2009). The research agenda was revised to focus on growth and poverty; environment and agriculture; social/ political/ cultural issues; and vulnerability and social protection as core themes, with gender, technology and governance included as cross cutting themes (REPOA, 2009).

REPOA retained all three windows in this phase and continued to collaborate with other international and national stakeholders. A children's research programme was introduced during this phase and REPOA took part in the Gender Macro-Working Group (GMWG) as a Secretariat.

In this phase REPOA published 108 information materials (3 books, 32 special papers, 43 research reports, and 30 briefs). By the end of the period the number of staff had reached 27 (REPOA, 2010).

The Dutch Government continued to provide significant proportion of funding through its Embassy in Dar es Salaam to the tune of 50% of the basket budget. Other funds came from the Royal Norwegian Embassy, DFID, the Swedish Embassy, the Finnish Embassy and the United Republic of Tanzania (REPOA, 2006), (REPOA, 2009). Non-basket funders were USAID, Google Inc. and the Think Tank Initiative (TTI). In 2009, REPOA spent TZS 5.9 billion (REPOA, 2010).

**Phase IV: 2010 – 2014:** The strategic plan for this phase spelled out its vision to be a leading research institution in the production of knowledge to address development challenges. Its mission is to facilitate and undertake research, training and outreach on a variety of development issues.

In this phase REPOA envisaged the possibility of expanding its reach regionally, that is, to extend its research activities to other countries that are in the East African Community. The research agenda was focused primarily on growth and poverty, climate change, vulnerability and social protection; and on gender, technology and governance, and service provision as cross-cutting issues (REPOA, 2009).

In 2011 REPOA underwent a major re-organisation, which included the consolidation of its research themes in three broad categories. The core themes were growth and development, social protection, and governance. In research, more weight shifted from commissioned work to strategic research to address major development policy challenges of the time. In 2012, the REPOA logo also changed to reflect its widened mandate. Researchers and research user training workshops were conducted on a demand driven basis. Collaborative research work continued with focus around the three research themes.

By the end of 2013, there were 226 publications (3 books, 42 special papers, 118 research reports, 4 working papers, and 52 briefs) (Tibandage, Mackintosh, Kida, Ikingura, & Jahari, 2013, pp. 25-31). By the end of January 2014, members of staff had increased to 32.

REPOA received funds through multi donor basket funding, collaboration and commissioned projects. The estimated budget was USD 29,000,000 of which 21,800,000 (75.2%) was basket funding (REPOA, 2009). The main basket funders were the Dutch Embassy (in the process of exiting), DFID, the Swedish Embassy, the Finnish Embassy and the United Republic of Tanzania. About 24.8% of the budget came from non-basket funders who were Google Inc. (up to 2010) and the Think Tank Initiative (TTI). In 2013, the expenditure was TZS 6.4 billion. The Norwegian Embassy and the Royal Danish government joined in the basket towards the end of this phase for a period of two years.

Prof Samwel Wangwe took over the position of Executive Director in January 2011 when Prof Joseph J. Semboja was appointed by the President of the United Republic of Tanzania to assume the new role as new Chief Executive Officer of the UONGOZI Institute (REPOA, 2012). In August 2012, Prof Esther Mwaikambo ended her tenure, and Prof Yadon Kohi was elected as chairperson of the Board of Directors to date.

**Phase V: 2015 – 2019:** Towards the end of 2014, the aid landscape changed drastically and most development partners were unable to commit continued support to REPOA's Strategic Plan (2015-19) through the traditional way, i.e. basket funding. After a series of meetings, it became apparent that REPOA may have to rely increasingly on collaborative research projects and commissioned works. At this time, some large collaborative research projects were ongoing, including the five-year REPOA-CMI on "Tanzania as a future petro-state: prospects and challenges", funded by the Royal Norwegian Embassy; a two-year research collaboration with UNU-WIDER funded by DANIDA; and other research projects funded by the IDRC and the Gates Foundation.

The beginning of this phase marked a turning point in REPOA's funding structure, with more emphasis placed on collaborative research projects and commissioned works. However, the existence of core funding remains necessary for sustaining key public goods such as capacity building, research and policy dialogue. In the absence of private foundations and public funds to support think tanks in Tanzania, development partners' support remains critical as a financing model in the medium term.

As REPOA marked its 20th Anniversary with a remarkable growth experience and a tracked record of successful achievement, it was also recognized globally as the top think tank in Tanzania. The global survey by the Think Tanks and Civil Society Programme based at the University of Pennsylvania ranked REPOA in 2015 as the top think tank in Tanzania for its quality of research and policy influence, and 18th in Africa out of 92 think tanks.

REPOA's vision remains valid, as production of policy relevant knowledge is necessary for informing the design of policies, strategies, and interventions for improving the wellbeing of Tanzanians. The current strategic plan is geared to promote socio-economic transformation in Tanzania for inclusive development.

## **Conclusion**

In the two decades from 1995 to 2015, REPOA has grown significantly, from a time-bound programme to a well reputed and respected think tank. Contribution to research and policy linkages has been notable, and relevance to the society is more obvious and the development paradigm has continued to shift towards socio-economic transformation for inclusive growth. While the history of REPOA remains history, its understanding by all stakeholders will provide a good basis for reflecting on the role of think tanks in Tanzania and how to shape and strengthen them in the future.

## **From Priority Sector-Focused Poverty Reduction Strategies to Outcome-Based Socioeconomic Transformation**

**Donald Mmari and Blandina Kilama**

### **Introduction**

During the mid-1990s, policy developments in Tanzania shifted from the structural adjustments and reform programmes that had preceded the severe economic crises of the mid-1980s. Two interrelated policy and strategy documents were developed during the second half of the 1990s, namely the National Poverty Eradication Strategy (NPES) in 1997 and the Tanzania Development Vision 2025 in 1999. The NPES was a medium term strategy that outlined causes of poverty and policy actions for delivering desired growth targets and reducing income poverty by 50% by 2010. The Vision articulated desires to eradicate abject poverty and to achieve a middle income status by 2025.

The establishment of national think tanks coincided well with these policy initiatives. The Economic and Social Research Foundation (ESRF) was established in 1994, driven by the need and demand for an improved understanding of policy options and development management issues, given the lack of capacity in the Tanzanian civil service at the time. REPOA was established during the same period to provide crucial complements to strengthening national research capacity and policy analysis in the area of poverty. Development policies around poverty have since shifted overtime, driven in part by research undertaken by national think tanks in collaboration with academic institutions and international research partners, and in part by the influence of other stakeholders embedded in the Tanzanian political economy.

This chapter examines the policy shifts from the mid-1990s to date, showing how policy research has responded to these shifts, and, in effect, influenced the direction of change overtime. It then outlines the current thinking on socio-economic transformation for inclusive development, leveraging on the current economic trends and recent discoveries of significant volumes of natural gas.

## Poverty Reduction Strategies from the 1990s

The NPES aimed at providing a framework for guiding poverty eradication initiatives to reduce absolute poverty by 50% by 2010 and to eradicate it by 2015. It was to achieve these goals mainly through coordination of poverty eradication initiatives, creating enabling conditions for eradicating poverty, including promoting economic growth, and empowering the poor and the marginalized social groups. As a coordinating framework, therefore, NPES covered a broad spectrum of areas, categorized into three main ones, namely: creating an enabling environment for poverty reduction; building capacity for eradicating poverty; and developing sectoral policies and strategies for poverty eradication.

The Tanzania Development Vision 2025 provided a framework for development direction in the long term. Its formulation in the mid-1990s resulted from increasing concerns that the short term recovery programmes in the cycles of three years were falling short of providing the direction of development or vision for development in the long run. The Vision aimed at transforming the economy of Tanzania from a low productivity agriculture base to a high productivity agriculture and semi industrialized middle income country by 2025 (United Republic of Tanzania, 1999).

As these national strategy documents were being developed, development partners were also discussing a new development agenda, which resulted in the conclusion of the Tanzania Assistance Strategy (TAS) in 2000. TAS was developed as a process of change towards restoring local ownership and leadership, along with partnerships in designing and executing development programmes. It formed a basis for renewed relations between government and the development partners following the strains of the 1990s due to slippage in revenue collection and rising corruption. It aimed at harmonizing procedures on financing and implementing development programmes in order to increase effectiveness, efficiency, and transparency and accountability.

The PRSP, also involving development partnership, was concluded in 2000. The PRSP, which was a more focused strategy document, was an integral part of the Highly Indebted Poor Countries (HIPC) initiatives. HIPC was launched in 1996 by the International Monetary Fund (IMF) and the World Bank and aimed to ensure that poor countries do not sustain debt burdens beyond their manageable levels. This initiative was linked with poverty reduction, such that the PRSP was among the key conditions for qualifying for debt relief. The PRS that was derived from

the PRSP was viewed as an instrument for channelling national efforts towards broadly agreed objectives and specific inputs and outputs, and was an integral part of macroeconomic and structural reforms. It focused on reducing income poverty; improving human capabilities, survival and social wellbeing; and containing extreme vulnerability.

Since the PRS was designed as a three year strategy, its final cycle of implementation was the 2002/03 fiscal year. A comprehensive review of the PRS during the 2003/04 fiscal year resulted in a new strategy, (NSGRP/MKUKUTA). MKUKUTA (2005-2010) was subsequently referred to as MKUKUTA I following its own review in 2010. MKUKUTA I aimed at reducing poverty through three integrated clusters of interventions, namely economic growth and income poverty reduction; improved quality of life and social wellbeing; and good governance and accountability. While the previous poverty reduction frameworks recognized the importance of economic growth and aspects of good governance, MKUKUTA made more explicit linkages among them, including outcome targets around them.

This strategy was followed by a successor strategy, MKUKUTA II, implemented in the period between 2010/11 and 2014/15. MKUKUTA II was built around integrated clusters similar to its predecessor, but was oriented more towards enhancing economic growth and productivity, promoting pro-poor interventions and addressing bottlenecks, and promoting wealth creation and private sector participation. 2015 was the final year of implementation of MKUKUTA II. During the second half of 2015 the review of MKUKUTA II was undertaken along with that of the Five Year Development Plan 2011/12-2015/16 which co-existed with MKUKUTA II.

It is worth noting, however, that despite the gains on various outcome areas under both MKUKUTA I and II, income poverty remains a significant concern. Despite a persistently good performance on economic growth which has averaged over 6% over the past ten years, the Household Budget Survey 2011/12 shows that 28.2% of all Tanzanians still lived below the poverty line, while 33.3% of the population remained below the poverty line in the rural areas. While no direct comparison can be made with the previous HBS due to methodological reasons, the noted decline in poverty is not as high as it would have been expected given the good performance in economic growth.

The next section looks at these strategies in terms of policy focus and examines the transition towards a more growth-oriented thinking, and how this transition may demand and shape a future policy trajectory

towards the socio-economic transformation needed to achieve sustainable and inclusive development.

## **Shifting Policy and Research Paradigms Towards Growth-Centred Outcomes**

The poverty eradication strategies of the 1990s considered monitoring and evaluation as integral parts of the strategies. The NPES monitoring framework was embedded within the existing government structures, where each sector ministry was required to submit annual implementation reports to the Poverty Eradication Division (PED) in the Vice President's Office.<sup>(1)</sup> Regional Secretariats were also expected to compile reports from districts and submit them to the PED on an annual basis. The PED, in turn, produced Annual Poverty Eradication reports. The NPES document, however, did not define explicit monitoring indicators, which were to be developed subsequently. It recognized the potential participation of academic and research institutions, but it neither defined a research agenda nor assigned research roles to any specific institutions.

The PRS was the first strategy to develop along with it a comprehensive poverty monitoring system as documented in the Poverty Monitoring Master Plan of 2001. It provided an elaborate framework of data and statistical management; routine and administrative data management; research and analysis; and dissemination, sensitization, and advocacy. Four Technical Working Groups (TWG) comprised of representatives from a cross section of stakeholders were formed with specific terms of references and outputs. One of the four TWGs was the Research and Analysis Working Group (RAWG). The RAWG was led by the President's Office-Planning and Privatization, in close collaboration with REPOA as a Secretariat. Key functions of the RAWG were to set priorities for research and analysis, and to coordinate implementation of a research programme that would inform PRS progress towards its targets and proposed policy changes and intervention where results were not satisfactory. The functioning of this working group, which comprised of individuals from research and academia, civil society organizations, government, and the donor community but who were appointed on individual merits, was very independent and objectively informed by research and statistics.

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1 The Poverty Eradication Division was subsequently transferred to the Ministry of Planning, Economy, and Empowerment, and is currently in the Ministry of Finance.

The PRS was essentially driven by a “priority sectors” approach, inspired by the notion of “pro-poor” sectors. Six sectors were selected as priority sectors, of which two were those categorized as economic sectors, and four as social sectors. The economic sectors were agriculture and rural roads. The social sectors were education, health, rural water supply and the judiciary. The selection of these sectors was geared to reducing income poverty; improving human capabilities, survival and social well-being; and containing extreme vulnerability among the poor. In order to contribute meaningfully to the monitoring of the PRS and in policy development more generally, the RAWG commissioned two researchers to identify research gaps and to develop a research framework that would guide the work of RAWG in the context of PRS monitoring. The output of this work, titled “towards a research framework for poverty monitoring in Tanzania”, was a major impetus to subsequent research, and the beginning of shifts in policy thinking that had a bearing on how the PRS was consistently evaluated (Tsikata & Mbilinyi, 2001). It also contributed to the eventual shift that came to inspire the MKUKUTA as well as REPOA’s research focus.

One significant contribution of this framework paper related to the assessment of PRSP assumptions, the feasibility of its growth targets and their implications for poverty reduction. While agriculture was identified to be a priority sector in the PRSP, no clear links existed in practice between agricultural policy and outcomes in terms of the composition of agricultural output, production technology, and structure of agricultural assets, which are essential elements in the transmission mechanism to poverty reduction. Other areas of interest were in areas of trade and poverty, the significance of the informal sector to poverty reduction, pro-poor macroeconomic framework, benefit incidence in public spending, and the political economy and institutional landscape.

Research work done by REPOA and other think tanks, and policy dialogue throughout the PRS monitoring revolved around these areas, although in different forms and intensity. In addition to continuous dialogues through RAWG and other platforms, the Poverty and Human Development Report (PHDR) became a key output that stimulated policy debate by all stakeholders. The first PHDR was produced in 2002, providing the first overview of the status of poverty by following the progress against targets set in the PRS indicators. In addition to the status, it included analytical work on geographical disparity of poverty, urban poverty, the macro-micro linkage, and vulnerability. The PHDR 2002 pointed to three important messages. First, the targets set in the

PRS reflected national averages, while poverty conditions were very diverse across region and between urban and rural, casting doubt on the effectiveness of a uniform strategy for poverty reduction. Second, while an enabling environment for poverty reduction was put in place during the second half of the 1990s through macroeconomic reforms, debt relief, and other initiatives, significant challenges remained for reaching poverty reduction targets. The challenges related to the nature and character of economic growth and its limited transmission mechanism to poverty reduction, and to problems of the low levels of public spending on social sectors and poor prioritization. Third, the PRSP framework considered vulnerability only partially in terms of shocks as its primary source, but other systemic factors were also very critical to understanding the dynamics of poverty and strategies to contain them more sustainably.

The outcome of these policy messages was a stronger link between PRS implementation and monitoring on the one hand, and Public Expenditure Review (PER) on the other, which served to stimulate informative policy debate on the linkages between economic growth and poverty reduction. It also encouraged further analytical work on vulnerability and the benefit incidence, which formed part of the thematic analytical chapters in the PHDR for 2003. The PHDR 2003 reinforced the poor linkages between economic growth and poverty reduction, and increased inequality, calling for more allocation of resources to pro-poor sectors. An important addition was made to the analysis of governance more broadly, beyond the judiciary sector prioritized in the PRSP. Issues of corruption and low accountability in service delivery were identified as key impediments to access of social services by the poor. The policy debates in 2004, which marked the third and final year of PRS implementation, revolved around the issues raised in PHDRs and other complementary studies, including the Participatory Poverty Assessments (PPA) and the Policy and Service Satisfaction Survey (PSSS) implemented in 2003. These debates led to a policy decision to undertake a national review of PRS and to develop a successor poverty reduction strategy. The review process of 2004 coincided with the time that REPOA was also transforming its operating and financing strategy, developing its five-year strategic plan for 2005-09. One key component of the strategic plan was its research agenda. REPOA's research agenda, which was developed through a stakeholder's consultative process, revolved around seven themes, namely, the nexus between growth and poverty; agriculture and environment; vulnerability and social

protection; socio-political and cultural issues; governance; technology; and gender. The implementation of this research agenda complemented very significantly the research agenda set by RAWG in the context of the successor poverty reduction strategy, MKUKUTA I.

MKUKUTA I departed from the priority sector-based strategy to one that was outcome-based, built on complementary interventions around three clusters. The first cluster was growth and income poverty. A strong impetus on economic growth reflected a growing consensus that many poverty reduction outcomes could not be achieved, or if achieved due to certain interventions, could not be sustained without high rates of economic growth. Broad-based growth was to be achieved by improving access to productive assets for the poor, addressing geographic disparities, and expanding universal and equal access to public services. The second cluster focused on quality of life and social wellbeing, seeking to address human capability, survival and wellbeing. It explicitly recognized the importance of a social protection framework to guide efforts to address vulnerability, social security and to improve overall wellbeing through access to affordable social services like education, health care and water. The third cluster focused on governance and accountability, recognizing that broad-based growth and improvement in the quality of life could only be realized when institutions of governance are in place and well-functioning. It sought to promote transparency and accountable use of national resources in a fair way and in an environment free from corruption.

The work of REPOA became increasingly aligned to addressing these fundamental policy needs, seeking in particular to understand constraints to economic growth, how to enhance productivity and promote broad-based growth, how to make social protection more transformative, and how to make the reforms in the governance structures more accountable and deliver services that would be growth-enhancing for sustainable poverty reduction. In 2005, a special background paper on rural growth was written and published as a thematic chapter in the PHDR of 2005. It argued that MKUKUTA targets on income poverty reduction could only be met if rural poverty reduction was given priority. It recognized the smallholder nature of Tanzanian agriculture, constrained by fragmentation, limited skills, frequent shocks and weak institutional arrangement. These constraints make it difficult for smallholder farmers to compete in a liberalized market environment, and thus, it argued for an integrated production system that links production, processing and marketing to overcome the constraints of smallholders. Further work to

promote growth included a series of policy roundtables and seminars, which influenced an inspirational special paper in 2008 authored by Marc Wuyts on the growth-poverty nexus from the developmental perspective (Wuyts, 2008).

The paper established a framework for research on growth and poverty in the Tanzanian context. It challenged simplistic propositions based on a direct correlation between growth in Gross Domestic Product (GDP) and poverty reduction, and proposed areas of research focus, from which four key messages could be brought to the attention of policy researchers and policy makers alike. First, employment matters as a key variable in the dynamics of growth. It points out that growth in per capita income is driven by either the growth of employment that is faster than population growth, or increase in labour productivity, or a combination. Thus, the interplay of demographic factors and labour productivity are critical variables in the policy analysis and design for sustained per capita income. Labour productivity, in turn, is dependent on the rate of accumulation of physical capital per worker and technological progress.

Second, when poverty is conceived more broadly to include capability deprivation and vulnerability, then provision of public goods matter for poverty reduction. In this case, social policy must not be viewed as residual to economic policy, but as an integral part of active strategies to foster inclusive growth. Policy focus needs therefore to focus on addressing binding constraints to growth, which include poor infrastructure, high cost of doing business, and limited innovation. Third, from a broader developmental perspective, economic growth must be looked at as a process of transformation rather than a simple quantitative expansion. This entails that the structural and institutional changes must be understood alongside quantitative expansion. Fourth, the analysis of the drivers of growth must transcend beyond the traditional analysis of efficiency in the allocation of resources in given constraint conditions to include the efficiency of innovation. Innovation is viewed in the context of acquisition and use of knowledge and technology that can serve to tackle the constraints, and thus need to direct public actions to foster innovation.

In the area of social wellbeing, discussions around conceptualization of vulnerability and social protection created the need for deeper thinking on how to achieve a better link between growth and poverty reduction, and between economic and social policy. A special paper on social protection in the context of generalized insecurity was published in 2006 (Wuyts, 2006). The notion of generalized insecurity in this paper

refers to the conditions in which the incidence of poverty is high and social protection is low, such that vulnerability to impoverishment is likely to reach populations in a wider spectrum of income distribution. An additional dimension contributing to the generalized insecurity is the rapid expansion of informalization that has eroded the space for effective social protection. Under such circumstances, the paper inspires research and policy thinking towards the transformative nature of social protection, that is, a broader view of social protection beyond income support to include strengthening of human and system capabilities and productive competencies. Many studies and policy dialogue on this subject has since drawn from this framework.

Research on governance and accountability has also evolved over time to reflect the important linkages between good governance, economic growth and poverty reduction. The earlier work on local government by Joseph Semboja and Ole Therkildsen in the 1990s and the REPOA-CMI formative research on local government reform that started in 2002 provided significant inputs into the local government reform process between 2002 and 2012.<sup>(2)</sup> Major policy decisions by some local government authorities benefited from this research. The research also continued to inform and inspire further research on linkages between governance and accountability on the one hand, and the quality of service delivery on the other. In 2002, a study conducted to look at the drivers of power and the institutional process underlying the budget process indicated that the executive dominated the legislature, leading to weak linkages between development outcomes at constituent levels and in the budget process. This linkage has, however, improved over time, and the sectoral parliamentary committees have become increasingly involved in the budget process. In addition, vertical electoral accountability has also strengthened as a result of competitive politics. The study that proposed a framework for downward accountability in local government authorities in 2006 recommended a more inclusive planning and budget process to enhance a direct link between the budget and constraints faced by the people at sub-district levels. It also promoted empowerment of the citizens through disclosure of information on revenue and expenditure.

The link between REPOA research, policy dialogue and national development policies and strategies continued to strengthen through

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2 Joseph Semboja and Ole Therkildsen published journal articles and books on local government in Tanzania, including the edited volume of service provision in East Africa. The formative research programme resulted in many publications and policy debate, part of which is discussed in chapter 4.

publications and policy dialogues, enhancing the extent to which its research contributed to influencing change in development. The thrust for promoting poverty reduction that is driven by sustained economic growth featured again in the PHDR 2007. In addition to the reporting of the status of MKUKUTA I targets and the views of the citizens on MKUKUTA achievements (informed by the Views of the People Survey implemented in 2007), the PHDR 2007 included a thematic chapter on a framework for designing a strategic direction for growth and development in Tanzania. The rationale for this approach was the recognition that for the economy to fully exploit and expand its potential, key policies and strategies have to be closely aligned, so that the scarce resources could be allocated in ways that maximize synergy. It identified the drivers of growth and the relevant enabling policies and resource needs. The drivers of growth were identified on the basis of comparative advantages of its geographical location, landscape and diversity, and the variety of natural resource endowment. This policy message was again reinforced in the PHDR for 2009.

The thematic focus of 2009 renewed the policy discourse on active industrial policy, specifically on the role of the state in a developing market economy. The fundamental proposition related to the need for Tanzania to consider a stronger orientation towards a developmental state, by employing non-market instruments to influence resource allocations to improve sub-optimal outcomes resulting from imperfect information, high transaction costs, and asymmetric power relations among economic agents. This process must go side by side with creation of conditions to encourage market competition and innovation while protecting consumers. The key ingredients of success in a developmental state include a clearly defined vision; a development strategy that is long enough and sustained beyond a single phase of government; strong political leadership and competent and committed civil services; well-designed institutional framework that aligns institutions of government with the private sector and market regulatory systems; maintaining macroeconomic stability; and ensuring good governance.

MKUKUTA II, a successor development framework for 2010/11-2014/15, embraced some of these elements. Its fundamental pillars recognized the importance of well-functioning institutions and markets, good governance, and economic efficiency promoted by public investments in key infrastructure. The three clusters adopted in MKUKUTA I were maintained, but with greater emphasis on linkages, capacity strengthening, and public-private partnerships. The thrust on

accelerated economic growth in MKUKUTA II was reinforced by the launching of the Five-Year Development Plan (FYDP) 2011/12-2015/16, which outlined a comprehensive plan for targeted interventions for unleashing the Tanzanian growth potentials. The FYDP gave priorities to infrastructure investment, transformation of agriculture, industrial development, development of human capital, and further strengthening of tourism, trade, and financial services.

Clearly, the links between research and policy development over the last twenty years have revealed that REPOA is at the core of reasonably significant contributions and influence. REPOA has also responded well to the policy and development needs of Tanzania in line with new developments in the country, as well as those reflected in the international development agenda, such as the Millennium Development Goals (MDGs), Post 2015, and the Rio +20. These have informed its current research programme organized in three interrelated areas: namely, the contribution of natural resources as the foundation for socioeconomic transformation; industrialisation and enterprise development as key pillars for transformation; and inclusive governance and social policy as important reinforcement for transformation. The synergy and complementarity among the three areas are important for generating knowledge of the processes of socioeconomic transformation and accelerating inclusive and sustained poverty reduction.

The first thematic area is set to deepen the understanding of structural change, capital accumulation, and dynamics of economic growth in Tanzania; agricultural and rural transformation; and prospects and challenges of harnessing natural resources (including oil and gas, minerals, forestry, wildlife, and fisheries) for transformation. The second thematic area seeks to explore mechanisms under which enterprises of various sizes can engage more productively in a wide range of industrial activities and key services to support agribusiness and manufacturing as important pillars for promoting rapid structural transformation, for creating productive employment, and for enhancing innovation and higher productivity in the informal sector. The third thematic area focuses on important aspects of accountability, transparency and equity in the delivery of public services, and participation of citizens in ensuring inclusive growth. It also aims at examining mechanisms for protecting incomes against impoverishment; preventing capability deprivation; and promoting productive competencies. The PHDR of 2011, the last one produced in the series of PHDRs since 2002 underscores the importance of synergies in the interventions for inclusive growth, particularly by

promoting productive employment and by enhancing the enabling environment for micro, small, and medium sized enterprises to thrive and engender broad-based economic growth, productive employment and sustained poverty reduction.

## **Conclusion**

The last two decades have involved significant policy shifts since the structural adjustment programmes of the mid-1980s and early 1990s. The PRSP set in motion the establishment of a comprehensive multi-stakeholder poverty monitoring system, with the research and analysis component taking a key role. REPOA as the Secretariat played a key role in the research and analysis working group, which became very instrumental in shaping the research agenda and influencing the direction of national development policies that came to put economic growth and poverty reduction at the top of the agenda. REPOA has evolved over time, generating relevant and demand-driven research output and facilitated dialogue that have contributed towards policy shift that seeks to accelerate economic growth for sustained poverty reduction. Its current paradigm promotes the view that deliberate efforts are needed to ensure the socioeconomic transformation that will result in inclusive growth and development.

## **Theory and Practice of Decentralization by Devolution: Lessons From a Research Programme in Tanzania (2002-13)**

**Odd-Helge Fjeldstad and Lucas Katera**

### **Introduction**

The local government reform agenda in Tanzania began in 1996 and was aimed at streamlining central/local relations within the broader context of public sector reforms with the ultimate goal of improving service delivery. This agenda was translated into a government policy on decentralization by devolution (DbyD) and promulgated in the Policy Paper on Local Government Reform in 1998 (URT, 1998). Implementation of LGRP started in 2000. The aim of the reform was to create more autonomous Local Government Authorities (LGAs) by devolving political, administrative and financial decision-making powers and duties from the central to the local government levels. The overall objective was to reduce poverty through improved service delivery at the local level. Strengthening local governance and financial management were considered essential to achieve this objective (URT, 2009a, 2009b).

As part of its support to the Local Government Reform Programme, the Royal Norwegian Embassy in Dar es Salaam funded a research programme to closely follow the implementation and development of the reform. The research programme was developed and implemented in two phases. The first phase (2002-05) was managed by REPOA in co-operation with the two Norwegian research institutions, Chr. Michelsen Institute (CMI) and the Norwegian Institute for Urban and Regional Research (NIBR). The second phase (2005-10) was managed by REPOA in co-operation with CMI. In addition, REPOA implemented follow-up studies in dialogue with CMI during the period 2010-13.

The overall aim of the research programme was to document processes of change and the impacts of the LGRP, and to provide key stakeholders with operationally relevant data and analyses of lessons learned during implementation of the reform. The research aimed to promote

informed dialogue among stakeholders to ensure that policymaking was a consultative process. Thus, it was referred to as *formative process research*. The research programme was designed in consultation with the LGRT in the ministry responsible for local government, as well as with the main donors and other key stakeholders. Although the researchers collaborated with the reform team, the research was organised independently. The programme also had a strong emphasis on capacity development for research and policy analysis on decentralization and local government reforms, both at individual and institutional levels. This capacity building involved researchers from both REPOA and the University of Dar es Salaam.

This chapter documents the organisation and main components of the research programme. Key research findings and their policy relevance are discussed with a particular emphasis on local government finances, governance and service delivery. Impacts on the local government reform process and capacity development are addressed. The research design proved that constructive dialogue and interaction between the involved researchers and policy makers, practitioners and opinion makers were key to secure that the focus of the research activities were demand driven, well rooted in and relevant for the Tanzanian context. This approach facilitated and promoted informed policy dialogue and public debates around the implementation of local government reform.

The chapter is organized as follows: The next Section 2 presents the formative process research programme, including its main components and how the research was organized. Section 3 presents some of the research activities conducted and discusses policy relevance and the impact of research findings. Mechanisms for research dissemination and interaction with key stakeholders, and the development of research capacity are addressed in Section 4. Section 5 concludes by establishing a link between the research programme and the design of the new phase of the local government reform. Finally, issues for further research are suggested in Section 6.

### **The Formative Process Research Programme**

The research programme focused on the following three broad dimensions of the local government reform (Fjeldstad, Braathen & Chaligha, 2003):

- (1) Governance: local autonomy and citizen participation.
- (2) Finances and financial management: accountability, efficiency and local resource mobilization.
- (3) Service delivery and poverty alleviation: criteria of success and operational constraints.

Whereas improved service delivery represented the ultimate goal of the reform, the other two themes represented means to this end. An important element of the study was associated with trust relations between the local government and society, and changes in the ability of the civil society to act as development agents.

The content of the research components was designed in close consultation with the LGRT in the ministry responsible for local government, main donors and other key stakeholders. An essential precondition for organizational learning is that the actors involved, in particular those responsible for implementing a reform, feel that the actual issues under study, the data produced, the findings and analyses made are of relevance and interest. We recognized, however, that there could be diverse opinions on what would be of *interest* and what would be *useful* as background information for programme management, monitoring and evaluation of results. Thus, the design of the actual thematic modules and case studies would have to strike a balance between possible conflicting opinions, if a common understanding could not be reached.

The researchers were connected by a common focus on the reform process as a whole, and on the overarching cross-sector rather than the compartmentalized effects of the local government reform. This approach implied major methodological challenges, partly because of the many ongoing reforms (in 2005, for instance, as many as 17 reforms related to decentralization were being implemented), which had direct and/or indirect impact on governance, finances and service delivery in local government authorities. Consequently, the causal linkages between the LGRP and changes in local service delivery, governance and finances were not obvious. Improvements in service delivery, for instance in education and health services, might not be directly linked to the LGRP, but could more likely be due to increased allocation of financial resources from the central government. Thus, a challenge for the research team was to establish indicators of change that directly and/or indirectly could be linked to the LGRP.

Further, the causal linkages between the three main themes were not easy to trace. Did improvements in finances and governance lead to improved services, or did causality go both ways? For instance, improvements in service delivery might have positive impacts on tax compliance, which, thus, generated more resources for service provision, which again influenced positively on tax compliance, etc. We acknowledged that it was not likely that the research would be capable of

tracing the relative importance of the various factors that caused changes, and on that basis provide scientifically plausible causal explanations.

Reform processes generally take time. This is particularly true for local government reforms that involve many political and bureaucratic institutions at all levels, political parties, civil society organizations and foreign donors. Successful devolution also implies changing peoples' mind-sets on governance, the role of the state, the roles and sharing of responsibilities between elected councillors and the bureaucracy, as well as citizens' involvement and awareness of their rights and obligations. Therefore, when developing research questions and designing methodologies, we recognized that we would be unlikely to observe measurable changes in some of these factors during a period of just a few years. We considered, however, that in-depth case studies could illuminate some of the issues at stake and provide insights on opportunities and obstacles, as well as indications of change.

The implementation and impacts of the decentralization reform were followed over time in six local government authorities. The case councils were Bagamoyo District Council, Ilala Municipal Council, Iringa District Council, Kilosa District Council, Moshi District Council and Mwanza City Council. The six councils were selected in consultation with the Local Government Reform Team. The selection was based on variations in resource bases, rural-urban variations (4 rural and 2 urban councils), degree of inclusion in the local government reform programme, degree of donor presence or support, and representation of political parties in the councils.

The researchers applied a combination of qualitative and quantitative methods. To establish the baseline for the research, data collection was linked closely to *indicators of change* induced by the LGRP. Such indicators were based on a set of common data (at council, ward and village/*mtaa* levels) that was easily accessible, easily compiled and easily maintained for all case districts over time. Priority was given to data needed for *comparison* of impacts and effects across districts. In essence, a small, common database was developed for all districts. Moreover, a *database on local government and decentralization* was developed. Legislation, reviews and evaluations of the LGRP were also examined. These were supplemented by a range of additional documents such as REPOA's *Views of the People Report* (URT, 2007a) and the Afrobarometer Surveys. Sectoral reviews, decentralization studies and semi-structured interviews with key stakeholders at the central and local levels were also applied.

The views and experiences of citizens with respect to governance, taxation and service delivery – and changes over time - were considered essential for assessing the effects and impacts of the reform. As part of the research programme, four citizen surveys were conducted: the first in October 2003, the second in October/November 2006, the third in November 2009, and the fourth in January 2013. A total of 1,260 respondents from the six case councils participated in each survey. The surveys covered seven villages/*mitaa* in each council, all located in different wards, *i.e.* 42 villages/*mitaa* in total.

Based on a systematic process of collecting and analysing information over time the research aimed to contribute to increased understanding of the phenomena under study and changes over time, including knowledge of human behaviour, institutions and society, and to communicate that understanding to key stakeholders.

## Research Activities and Findings

The local government reform aimed to transfer duties and financial resources from the central to local government levels. Local government authorities were thought to be in a better position to identify people's needs by encouraging citizen participation in democratic governance, and thus supply the appropriate form and level of public services. This section discusses some of the key findings of the research programme. It focuses on lessons from the three broad dimensions of the reform, *i.e.* governance, local government finances and financial management, and service delivery.

### Governance: Lessons for Local Autonomy and Citizen Participation

The research analysed the impacts of local government reforms on selected aspects of governance, including citizen participation in formulating and implementing plans for local development, trust, accountability and corruption. The research found improvements in many areas, especially in the earlier years of the LGR implementation (Chaligha, Henjewe, Kessy & Mwambe., 2007; Tidemand and Msami, 2010). The citizen survey data found evidence of increased electoral and civic participation, as well as access to information and trust in local government from 2003 to 2013. Citizen participation in the development of community plans and trust in local government increased from 2003 to 2006, but decreased slightly thereafter. Accountability variables like transparency in financial information consistently improved between

2003 and 2013, although from a very low level. Corruption, although improved since 2003, still was perceived to be a serious problem by the majority of respondents ten years later.

The research found that there had been substantial development in the processes of decision making, especially through attempts to include citizens in the planning process (Fjeldstad, Katera & Ngalewa, 2010). Urban councils were generally better resourced and seemed to be able to implement more plans from below (from the ward/*kitongoji* and village/*mtaa* levels) than their rural counterparts. In rural councils, however, there was a need to simplify and streamline the existing planning and budgeting systems. The multiple planning, budgeting and reporting systems put much pressure on the already limited capacity of the councils. The councils' management teams, especially the treasurers and planning officers, allocated a substantial share of their time to planning, budgeting and reporting, while the actual implementation of (realistic) plans and priorities suffered (Fjeldstad, Katera, Msami & Ngalewa, 2010). This situation also applied to officials at the ward and village levels. Village plans in many rural councils could be described as 'shopping lists', which were unrealistic to implement because of financial and other constraints. A key challenge for planning at sub-LGA levels has been lack of proper information on available resources and budget ceilings for development activities. For instance, under the Local Government Capital Development Grant (LGCDG) system, indicative planning figures (budgets) shall be provided to the wards, in accordance with the PMO-RALG guidelines for planning and budgeting (PMO-RALG, 2007). This principle is also established in the Opportunities and Obstacles to Development (O&OD) planning methodology (see URT, 2007c). The intention is to motivate public participation and planning within a known resource envelope.

In spite of these policy statements and guidelines for 'bottom-up' and participatory planning, the LGAs and their sub-levels are subject to detailed instructions on budgeting and priority setting. These instructions reflect priorities made by the central government, since most of the LGAs' revenues come in the form of central government subventions. Thus, the councils' medium term expenditure frameworks (MTEFs) generally reflect priorities and activities that have been specified by the central government beforehand, rather than the other way around (Chaligha, 2008).

The role played by the bottom-up participatory planning process from the village and upwards, represented by the O&OD participatory

planning process, is rather limited. In districts where villages have prepared an O&OD plan, these plans are compiled and submitted by the ward office to the planning department of the LGA. As documented by the O&OD study conducted by JICA, there is no evidence that the LGAs compile any summary or analysis of the village/ward plans (PMO-RALG, 2008). This indicates that there is no clear link between the inputs from the participatory planning process conducted at the village level and the council plans or MTEFs that are compiled at the district level. Thus, in practise, bottom-up planning in many districts was found to be an *ad hoc* exercise, with the actual planning carried out by the council management team.

Citizens' access and right to information on local government budgets and accounts are often seen as a necessary condition for good governance. Without basic information on public revenues and expenditures, people cannot hold their leaders and executive officers accountable. This challenge is most acute when formal accountability institutions, such as audits and legislative reviews, are weak as is common in most local authorities in Tanzania (Msami, 2011). Local government authorities publish information on revenues collected and allocations of funds in accordance with the *Local Authority Financial Memorandum 1997*. However, our research found that much of this information did not reach or was not understood by the public. Only a small minority of citizens surveyed were aware of basic budget and finance information (Fjeldstad, 2004, 2006).

Public notices gazetted in newspapers or posted on notice boards at the council headquarters were often presented in a technical way, which made the notices hard to understand for ordinary citizens. Similar findings are also shared by a study prepared for the Ministry responsible for Local Government Authorities on downward accountability (REPOA, 2007). This study shows that there is extensive documentation of plans and budgets, but that the various bits and pieces tend not to be well connected. There is a fair amount of information available, but the information does not fit together to provide a full and consistent picture of local government finances and budget constraints. Instead, available information is the result of demands for information from the central government, the ruling party, development partners and information required by law. There is limited consideration for data and information that address the information needs of the people in the communities assumed to take part in the participatory planning processes (see also IFIC, 2008).

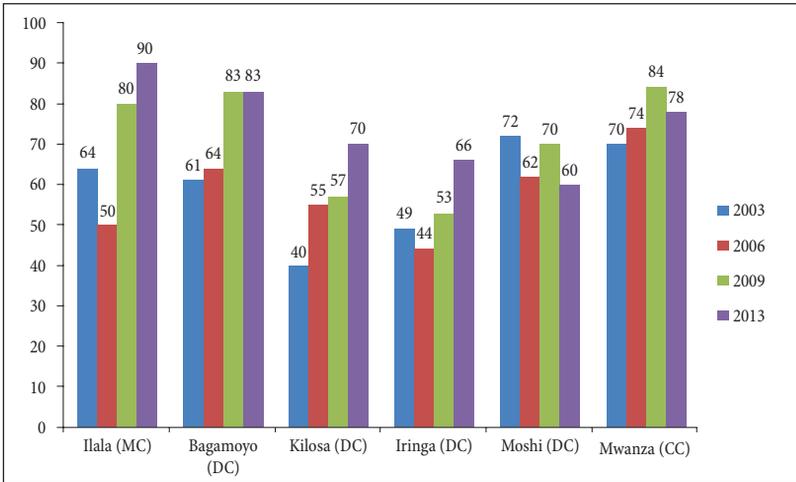
The research concluded that a main challenge was to provide information on fiscal issues in ways which were understandable and which reached the general public. The successful dissemination of information on HIV/AIDS prevention may provide useful lessons for how to design and distribute information on budgets and accounts to the communities. The following policy recommendations derived from our research: First, written and oral methods of dissemination should be combined, including information submitted at service outlets such as schools and dispensaries, and at village and ward offices. Second, more active use of the village executive officers (VEOs) and *mtaa* leaders to communicate such information to citizens may also pay high dividends as the experiences from Kilosa and Iringa district councils indicated. Third, urban councils will in general require additional measures compared to rural councils, due to the often high mobility and turnover of residents that make it more difficult to reach citizens with such information.

Many people interviewed as part of the citizen surveys said that their views were not taken seriously by the council administration, making it difficult for them to hold their representatives accountable for their actions (Chaligha, 2008). The share of the respondents saying that their views were not taken seriously by the council administration increased from 27% in 2006 to 36% in 2013. On the other hand, those who said that their views were taken seriously by the council administration decreased from 44% in 2006 to 31% in 2013. Furthermore, elected councillors held limited powers to remove non-performing or corrupt council officers. No effective instruments and procedures were in place for ordinary people to use when they wanted to hold council officials accountable. The survey results show that 65% of the respondents did not know the procedures to follow in reporting an act of corruption by a public official. Although this level has declined overtime from 78% in 2003, it remains a challenge. Nonetheless, our research found cases where citizens had forced leaders to resign due to misconduct, though via a very cumbersome process which included many compromises with the district leadership.

The citizen surveys indicated that peoples' view that corruption was a serious problem in the councils marginally declined between 2003 and 2006 (from 59% to 58% of the respondents). However, thereafter the perception of corruption increased to 71% in 2009, and remained around that level (72%) in 2013. The survey data thus suggest that corruption in local government continued to be perceived as a serious problem (Fjeldstad, Katera & Ngalewa, 2008). However, there were

substantial differences between the six case councils in this respect (Figure 4.1). Respondents in the urban councils (Mwanza and Ilala) perceived corruption to be higher than respondents in rural councils. Similarly, respondents in councils with many business activities like Bagamoyo, which is close to Dar es Salaam, and Moshi, which is close to the border with Kenya, also perceived corruption to be higher than respondents in rural councils with few business activities. However, as mentioned above, the level of corruption was in general perceived to be high and increasing over time for most councils.

**Figure 4.1: Perception of Corruption as a Serious Problem in LG by Councils (in % of the Respondents; 2003-13)**



Sources: Compiled by the authors based on the citizen surveys (REPOA)

One conclusion that emerged from this research was that the local government reform programme should intensify efforts to combat corruption. Measures to consider were identified as the need to improve the working conditions for the staff in local government authorities, including better salary and pension schemes, and to provide training and other incentives. Clearer demarcations of duties and responsibilities for council staff and councillors were also recommended.

**Local Government Finances and Financial Management: Lessons for Accountability and Revenue Mobilisation**

An important aim of the local government reform has been fiscal decentralization – the devolution of taxing and spending powers to

lower levels of government. Fiscal reforms aimed to ensure that LGAs have adequate funding, can make autonomous budget decisions, and are able to use financial resources prudently. In the 2006/07 fiscal year, local government authorities collected about Tshs 60 billion in the form of local taxes (Tidemand & Msami, 2010: 13). This represented only 7% of the total LGA expenditures for the same year, reflecting a high dependence on fiscal transfers from central government.

While the amount of revenue collected in urban LGAs increased by 36% between 2000 and 2007, revenues in rural LGAs declined by 4% during the same period. This decline can be attributed to the abolition of the so-called 'nuisance' taxes in 2003 (in particular, the head tax 'development levy') and in 2004 (the business licences), inappropriate tax design and poor collection systems (REPOA, 2007; Fjeldstad, Katera, Msami & Ngalewa, 2010).

The fiscal autonomy of rural councils is limited both in terms of revenue and expenditure. The four district councils in our sample generated less than 17% of their total revenues from their own sources in 2002. For Moshi DC, the percentage was less than 10%. The rationalisation of many local revenue sources in 2003 and 2004 reduced their already limited fiscal autonomy even further. Thus, in 2005 local government's own revenue sources generated on average around 5% of the total revenues in rural councils. In comparison, the two urban councils, Ilala MC and Mwanza CC, were less dependent on central government grants. In 2002, Ilala MC generated about 64% of its revenue through its own sources and Mwanza CC almost 48%. The abolishment of business licenses in 2004 made urban councils increasingly dependent on central government grants. In 2005, Mwanza CC raised only about 20% of the total revenues from its own sources. A similar picture of limited local revenue autonomy was also the case for the expenditure side of the budget, since the majority of grants from the central government were conditional and earmarked for specific activities.

The overall conclusion from the studies on fiscal decentralization is that the reforms have reduced the fiscal autonomy of local government authorities. The central government contributes the bulk of local government revenues in rural councils through transfers and largely determines local budget priorities. Only a few large urban councils in Tanzania are able to finance a substantial share of their total expenditure from their own revenue sources. Thus, the research recommended that transfer systems based upon revenue sharing between the central

and sub-national levels of government and grants from the central level should be considered important components of the fiscal decentralization programme.

Local government authorities face numerous reporting requirements from the central government. For instance, the ministry responsible for LGAs, the Ministry of Finance and other central government stakeholders often have competing data reporting requirements, as well as different required reporting formats. Many LGAs are severely constrained in the production of reliable fiscal data. We found that the staff often were overwhelmed by the reporting requirements and did not have the capacity to put the reports together. Consequently, there were substantial variations between the budget figures presented to the local council, the budget book presented to the Parliament, information on expenditure compiled by the LGRP, and what was contained in the audited final accounts (Fjeldstad, Katera, Msami & Ngalewa, 2010). For instance, own revenues for Mwanza City Council for 2002 reported in the *Local Government Fiscal Review 2004* was almost three times larger than the corresponding figure reported by the ministry then responsible for local government (PO-RALG). Although substantial resources have been provided to computerise financial management and planning, the actual use and impacts of these systems on local financial management are uncertain. In 2005, budgeting and accounting were still carried out manually in all six of the case councils. Only Kilosa DC used an Epicor-based Integrated Financial Management System (IFMS) in combination with a manual system. The research found that it proved particularly difficult to implement the new financial management systems at the lower levels of the councils.

Limited capacity at lower levels of governments is also documented by other studies on financial management at the local government. A downward accountability study conducted by REPOA for the PMO-RALG found that at the ward and village levels, the lack of useable information is to a large extent the product of limited capacities of staff and resources (REPOA, 2007). Some VEOs and ward executive officers (WEOs) are primary and ordinary secondary school leavers with minimal skills befitting the job descriptions of the posts they hold.

In addition to poor technical infrastructure such as computers, the case councils did not have sufficient qualified staff trained to collect, process, and manage fiscal data. In the absence of reliable and consistent data, quantitative analyses aiming to guide policymaking are questionable. Concrete policy recommendations that derived from this

work were the need to (a) simplify the fiscal reporting requirements for LGAs, and (b) build a reliable, consistent and updated database on local government finances and expenditures. The research team argued that the potential benefit of establishing and maintaining such a database was substantial. At the local government levels, staff who are capable of building and working with fiscal databases, as well as processing adequate information for relevant stakeholders, were required. At the central level, there was a need to improve the capacity to analyse local government fiscal data. The need for improved coordination between the various stakeholders at the central and local government levels was emphasised to avoid duplication and inconsistencies.

One component of the research on public financial management focused on internal auditing in the LGAs (Fjeldstad, Katera, Msami & Ngalewa, 2010). The role of the Internal Auditor (IA) is to audit all council transactions, including village and ward bank accounts, dispensaries and health centres, schools, agriculture and water projects, the Tanzania Social Action Fund (TASAF), etc. These could add up to several hundred bank accounts to be reviewed for each council, which is an unrealistic task for one auditor. Therefore, the internal auditor often adopted a highly selective risk based auditing strategy. The presence of multiple accounts increased the potential for financial abuse, and complicated local budgeting and financial management. Our research concluded that measures were required to simplify the bank account systems of councils. In addition, the Internal Auditor's offices in the case councils were either understaffed or not staffed at all. A common problem observed was that the internal auditors, after having gained some experience in the local authorities, moved to the private sector where they were offered substantially higher salaries. Vacancies in both urban and rural councils were difficult to fill. Lack of response by the council's Treasury Department (or other departments) on internal audit queries and recommendations also discouraged auditors from staying at the councils. Thus, we recommended that special incentives should be provided to encourage internal auditors to work for and remain with local government authorities. Considering the limited supply of qualified accountants and auditors, adjoining district councils, possibly coordinated by the regional level, should consider jointly recruiting such personnel to share their services.

Annual reports from the Controller and Auditor General (CAG) show over time a substantial increase in the number of 'clean' audit reports awarded at the local government level, and a substantial decrease in

adverse reports (Tidemand & Msami, 2010: 21). In fiscal year 2006/07, no local councils received an adverse audit, compared to 65% in 2000. As many as 81% of the councils were awarded a clean audit, compared to about 15% in 2000. This is a very positive development, indicating that there had been a substantial improvement in the financial accountability of local government authorities. Yet, the research team expressed that there were reasons for concern about the quality of the CAG's reports. The Public Expenditure and Financial Accountability Review (PEFAR) from 2006 provided similar observations and concerns from other local government authorities (URT, 2007b). One problem noted was that the Controller and Auditor General often could not rely on the work of the councils' internal auditors. Furthermore, the IA's reports were in many cases not submitted to the CAG. Our research also found that in some councils the IA's reports were neither acted upon by the council management nor tabled before the finance committee and/or full council. This situation undermined the credibility of the auditing process, and underlined the importance of strengthening the internal auditor's office, as well as the need for improved coordination between the Internal Auditor and the Office of the Auditor General.

Among the most urgent and challenging tasks for the decentralization reform was to find appropriate revenue sources and tax enforcement methods for local government authorities. In order to increase revenues, a number of local governments therefore reformed their tax collection systems. Different measures were implemented, including outsourcing of revenue collection to private agents, which was implemented in a number of councils. They included private collection of property taxes in urban councils, market fees in both rural and urban councils, forestry levies (until 2005) mainly in rural councils, crop cess on certain agricultural products in rural councils, and bus stand and parking fees in urban councils.

The research team from CMI and REPOA did an in-depth study of private revenue collection in Dar es Salaam (Fjeldstad, Katera & Ngalewa, 2009). In August 2006, two main revenue sources were collected by private collectors. These were fees for vehicles and passengers at the Ubungu Bus Terminal (UBT) and fees from parking slots in the city centre. From the start in 1996, the collection of parking fees was assigned to private firms, while fees at the UBT were initially collected by the council. In December 1999 the UBT fee-collection was outsourced. The decision to outsource revenue collection from the UBT was due to (a) persistence of fraud by council officials who were responsible for

revenue collection; and (b) shortage of experienced staff to undertake revenue collection.

Based on the council's own assessment from 2002 and our own estimate in 2006, it was clear that the agent retained the lion's share of the revenues collected at the UBT. A conservative revenue assessment indicated that the City Council received 44% of the revenues collected from entry fees. The remaining 56% were retained by the agent. By taking into account the peak traffic periods, the share of the collected revenues retained by the agent was most likely substantially higher. Although the collection costs were covered by the private agent, the margin was still very high by Tanzanian standards. Furthermore, it was surprising that the City Council had signed a contract with the agent for a five-year period without annual adjustments of the nominal amount of money to be submitted to the council in accordance with changes in the consumer price index and increased business activities at the terminal. This implied that the real value of the money remitted to the council dropped over time.

Our research concluded that a major challenge facing outsourced revenue collection in local government authorities was related to the assessment of the actual revenue potential for various tax bases. This assessment was generally conducted on an *ad hoc* basis, often based on the previous year's reported collection. In many cases the revenue assessment reflected in the contracts were outdated and did not reflect changes over time in the revenue bases. The contracts often referred to nominal amounts in Tanzania Shilling, which were not adjusted upwards (or downwards, if required) in accordance with the general economic activity level, inflation *etc.* Underestimation of the revenue potential implied that the actual collection by the agent could be considerably higher than what was reflected in the contract. Consequently, there was a risk for ending up in a situation where the private agent kept the largest part of the revenue collected, and remitted only a minor amount to the council. When our findings were communicated by the media, Dar es Salaam City Council cancelled the contract with the private collector at the Ubungu Bus Terminal.

### **Service Delivery and Poverty Alleviation: Citizen Satisfaction and Priorities**

The principal objective of the Local Government Reform Programme is to restructure local government authorities so that they can respond more effectively and efficiently to identified local priorities of service

delivery in a sustainable manner. This includes specific objectives, such as “improve quality, access and equitable delivery of public services, particularly to the poor” (URT, 1998, 2009a). It should be acknowledged that the LGRP was only one among several determinants for eventual improvements in service delivery performance. The sector programmes based on donor funded basket programmes in combination with central government resources released through the HIPC debt relief scheme were also important. We saw this particularly in the Primary Education Development Plan (PEDP) and in health services.

The formative process research examined trends in service delivery as perceived by respondents to the citizen surveys (Braathen & Mwambe, 2007). The research also studied how reforms affected service delivery outcomes.

Overall, the majority of the respondents to the citizen surveys were satisfied with service delivery during the implementation of the local government reform. More than 50% of the respondents saw improvements in service delivery over the past decade. However, trend analysis showed that perceptions of improvements in service delivery were higher in the earlier years of the reform. The share of the respondents who perceived that the quality of service delivery had improved increased from 54% in 2003 to 75% in 2006. Thereafter it slightly decreased to 68% in 2009 and to 50% in 2013. There were substantial differences between the respondents in different local government authorities with respect to public service satisfaction. As reflected in Table 4.1, there were also considerable differences in citizen satisfaction ratings of various key services.

**Table 4.1: Citizens who are Satisfied with Key Services, 2003-13  
(% of the Respondents)**

	2003	2006	2009	2013
Primary education	70	79	58	36
Secondary education	24	56	52	33
Dispensary	38	44	41	34
Water supply	22	24	29	30
Road maintenance	22	25	29	24
Agriculture extension	8	14	24	18

Source: Compiled by the authors based on the citizen surveys (REPOA).

Overall, satisfaction with service provision was still relatively low in 2009. Except for education, less than half the respondents said they were satisfied with services in any sector. In 2013, the situation had worsened; less than 40% of the respondents were satisfied with any of the key services, including education. However, the share of the respondents who were satisfied with water supply improved from 22% in 2003 to 30% in 2013. The corresponding figures for primary education decreased from 70% in 2003 to 36% in 2013.

### *Education*

Primary education stands out as the service which the largest share of the respondents rated as satisfactory. There was an immense growth in school enrolment from 2000 to 2009. Enrolment was close to 100% in all six of the case councils. This success can be attributed to the abolition of school fees in 2001 and the launch of PEDP in 2002 (URT, 2005). By channelling resources from the donor community, PEDP financed a 'basket fund' to nearly every village. It also mobilised communities to contribute with money and labour to construct new classrooms. In addition to improving affordability and accessibility, PEDP may also have improved the quality of primary education.

The pass-rate for pupils increased in all the case councils, although a majority of the grade 7 pupils still failed to pass in 2009 (URT, 2011). Some of the case councils reported progress in the quality of education, measured by indicators such as pupils per classroom, pupils per desk, and pupils per textbook. However, the main quality indicators of pupils per teacher and share of qualified teachers, showed a rather mixed development. Four of the six case councils reported a worsened pupil/teacher ratio, although this to some extent was compensated by a higher share of qualified ('IIIA') teachers. The research argued that the scarcity of qualified teachers threatened the sustainability of the education reform and tended to widen the gap between 'advanced' councils and those lagging behind. The drop in satisfaction level from 2009 to 2013 may be a reflection of this trend.

### *Health Services*

There has been significant improvement in the health condition of the population in all the case councils. According to the councils' own data, the infant mortality rate was reduced and the immunisation rate had risen to well above 80%. Waterborne diseases were on the decrease in most of the case councils, though the number of waterborne diseases

reported showed alarmingly high levels for Mwanza CC in particular, but also for Moshi, Iringa and Kilosa District Councils.

The main problems identified were linked to the facilities of dispensaries and health centres. Generally, there had been progress in accessibility since year 2000, in which access to public health facilities remained high, increasing from 82% in 2003 to 86% in 2013. This progress cuts across all the case councils, regardless of whether it is urban or rural. Despite high access to health facilities, the satisfaction rating on dispensaries and health clinics was relatively low. On average, only 34% of the respondents in the 2013 citizen survey were satisfied with the dispensary in their area, and the corresponding figure for health centres was 29% (Table 4.2).

**Table 4.2: Share of Respondents Satisfied with the Quality and Capacity of Health Facility in Case Councils (in %)**

	2003	2006	2009	2013
Dispensary	38	45	41	34
Health centre	16	20	32	29

Source: Compiled by the authors based on the citizen surveys (REPOA)

However, we found major differences between the six case councils in this respect. As many as 50% of the respondents in Kilosa DC said they were satisfied with health centres, compared to only 32% in Ilala MC. These responses probably reflect the high dependence on health centres and dispensaries by rural citizens compared to their urban counterparts who have access to larger hospitals. Similarly, the share of respondents who perceived that the waiting time at the clinics/hospitals had improved, dropped from 47% in 2009 to 42% in 2013. This may suggest that (a) the increase in the number of health workers does not go hand in hand with the increase in demand for health services, and/or (b) health workers are not fully committed to delivering health services. However, of more concern is the problem of affordability. Less than half of the respondents in the 2009 and 2013 surveys perceived that the costs of treatment had improved – and more so with the health centres than with the dispensaries. Most health facilities required a user fee for every consultation and treatment, or fees on an annual basis for membership in a Community Health Fund. In addition, the patients usually had to pay for the drugs and medicines.

### ***Water Supply***

Only 30% of the respondents of the 2013 citizen survey were satisfied with the quality of the water supply, increasing marginally from 29% in 2009. As little as 39% of the respondents reported that there had been some improvement. The widespread view held by citizens that improved water supply was the most urgent need seems to be well founded. Official data provides good reasons why many citizens were dissatisfied with the water supply. With the exception of Mwanza CC and Bagamoyo DC, which had benefited from a huge donor supported water and sanitation programme, no significant progress was reported from the councils on improved accessibility. In several councils half the population were not covered by adequate water supply services. Unfortunately, it is also likely that the official data overestimated 'coverage'. Some councils, for instance, included installed but non-functioning water schemes or water sources that could only be used during the rainy or dry seasons.

The citizen survey data indicated that Tanzanians were more satisfied with local services in 2006 than in 2003. In recent years, the share of people who said they were satisfied with service delivery has dropped. This might be because the supply of services lags behind the increase in demand.

Almost half the respondents in the citizen survey in 2013 held the view that the local government reform was 'helping to improve service delivery' (compared to only 16% in 2003). Fiscal support from the central government was seen as the most influential factor in improving service delivery (Tidemand & Msami, 2010). Regional differences with respect to service provision continue to be noticeable in key areas, such as the teacher-pupil ratios (see also URT, 2011).

### **Research Dissemination and Capacity Building**

In addition to generating new, research based knowledge, dissemination and capacity building were main components of the formative process research programme. This work included (1) interaction and dialogue with key stakeholders; (2) communication and dissemination of research findings; and (3) developing research capacity on local government studies.

### **Interaction and Dialogue with Key Stakeholders**

The research programme intended to provide feedback to managers of the decentralization reform on lessons learnt in the reform process and thereby contribute to improving the implementation of the local government reform. Thus, the design and implementation of the

research implied close interaction between the researchers and local government stakeholders. In the initial stage, the research team together with the reform team in the ministry responsible for local government jointly decided which councils should be selected for in-depth studies.

Since the research covered a wide range of reform issues taking place in the councils, contact persons were engaged as informants in each of the case councils. Most of these were planning officers in the council headquarters. They provided frequent information about relevant developments that required attention by the research team. The contact persons were also responsible for providing data on each of the research themes. During the primary data collection, the contact persons were the focal people for the fieldwork and data collection conducted in the case councils.

In addition, the research team had frequent interactions with civil society organizations and development partners engaged in the local government reform. The research team also received comments from stakeholders on draft reports.

### **Research Communication and Dissemination**

Research communication was a key component of the research programme. Dissemination workshops were held in the researched communities. Seminars and workshops also targeted policy makers and other stakeholders involved in implementing the local government reform.

After fieldwork and data analysis, the research team visited the case councils and invited citizens, technocrats and politicians from the communities surveyed to participate. The interactions with and between these groups were useful as they enabled the participants to discuss and verify the findings of the research. This interaction improved people's awareness of the reform issues and contributed to increasing the communities' participation in local government activities.

For policy makers, managers of the local government reform and other stakeholders, dissemination was made through workshops and publications. The formative process research programme is probably the single programme within REPOA with the largest number of publications. The publications were developed in such a way that they should be accessible for all key stakeholders. Although some research reports are technical, they include a wealth of information, data and analysis. Acknowledging that many stakeholders are people with limited time and capacity to read voluminous reports, the research programme

started at an early stage to publish policy briefs, summarizing key policy issues for policy makers. To widen the coverage, research reports and policy briefs were posted on CMI's and REPOA's websites and could be accessed electronically free of charge.

In addition, the research programme produced a number of articles in Tanzanian newspapers, both in Kiswahili and English. Thus, the wide coverage of information produced contributed to increase citizen awareness of their rights to engage in matters of their concern, and, thus, to be in a better position to hold the authorities accountable.

### **Developing Capacity on Local Government Research**

Developing research capacity was a priority for the research programme. We used the following three approaches: First, through REPOA's open competitive system where younger researchers were encouraged to submit proposals and apply for funding grants. During the research process, the researchers made presentations and received comments from experienced researchers, aiming at improving the quality of the research proposals and draft papers. Second, the core team of the research programme was composed of both junior and senior researchers. They worked together and co-authored publications. When the research programme ended, several junior researchers had developed research capacity and interest in continuing their research on local government issues. Some have later pursued their doctoral (PhD) degrees at universities in Europe. Third, research assistants were exposed to data collection and survey methodology training and interview techniques. They were also trained in various aspects of the local government reforms to make them better understand the purpose of the projects and the fieldwork in which they were involved.

### **Further Research**

The achievements of Tanzania's poverty reduction targets hinge upon effective local governance, financial management and service delivery. It is therefore critical to enhance our empirical understanding of opportunities and challenges facing the development of effective and efficient local government authorities in the country. Future research should focus on building a more extensive empirical knowledge of the technical, economic and political dimensions of local governance, finances and service delivery. Further research should aim to provide contextualised and evidence based policy analysis in order to contribute to successful implementation of the local government reform. Both

technical and political-economic questions are underexplored. Combining research on the technical administrative frameworks for local governance, finances and service delivery with the political and economic realities at the local and central levels have the potential to identify constraints and practices that can guide policy work and be used as benchmarks to assess actual policy implementation. More research is also required to gain better understanding of the possible connection between governance and state building at the local level, in particular related to the development of a social fiscal contract between state and citizens (Bräutigam, Fjeldstad & Moore, 2008).

Financial transfers from the central level are typically important components of local government revenues. How does this affect local government autonomy, which typically is formulated as a key objective of decentralization reforms? We therefore suggest a series of research questions related to local government reform for further research:

- How should effective revenue raising systems for sub-national governments be designed and implemented? This issue, and the distinction between urban and rural councils in particular, has received limited attention in the literature.
- What are the actual fees, levies and taxes imposed locally compared to those officially stated in policy documents and in reform plans?
- How do local government revenue reforms affect taxpayers? This topic should be investigated using time series.

Some research finds that citizens perceive local governments to be more trustworthy and accountable than higher levels of government, while other findings point at the frail links between local revenue raising and the responsiveness of African local governments. Existing research is neither conclusive nor extensive. We have therefore identified the following questions addressing local government accountability:

- Is there a connection between local tax payment and service delivery?
- Is there any evidence on how partnerships (private, public, donor and local government) can result in more effective and sustainable local revenue mobilization?
- Are there examples proving a link between local taxation and expanded responsiveness and accountability?
- Are there good practices from private tax collection concerning taxpayer education, accountability and revenue raising?

An entry point to assess these questions would be through case studies of fiscal reforms in selected municipalities.

Municipalities' own revenues primarily come from property tax, business licenses and user fees. Research on property tax has mainly focused on technical issues related to land and building taxes and real property transfer taxes. The political-economic analysis of land and property taxes, however, has not been explicitly addressed in Tanzania. A key question to explore would be:

- What are the political, economic and institutional opportunities and constraints facing the expansion of the property tax regime in urban councils?

Further, in-depth political-economic analysis of business licences may contribute to gaining valuable insights on entrepreneurship, incentives and the rights of small business owners. Finally, research suggests that citizens will be more willing to pay tax when there is a direct link between payment and service provision (*quid-pro-quo*). More research is needed to better understand the effects of earmarking of taxes for specific purposes and whether (and under what conditions) user fees/service charges can become efficient local revenue sources.

## Conclusion

The formative process research found that the local government reform brought some noticeable improvements in local government authorities, including substantial increases in human and financial resources. Between 2003 and 2009, local government budgets more than doubled, mainly because of increased fiscal transfers from the central government. Capacity building and training of staff contributed to improve planning, budgeting and financial management in local government authorities.

Despite these positive results, local government authorities were not substantially more powerful in 2013 than they were in 2000. Fiscal transfers from the central government were increasingly earmarked for specific purposes, and the LGAs control over staff was limited.

Our research therefore concluded that the reform's objective of promoting more autonomous local governments had not been achieved. This conclusion is mirrored in the strategy document for the second phase on the local government reform programme entitled *Local Government Reform Programme II: Visions, goals and strategy, July 2009 - June 2014* (URT, 2009a). The document states (p.7):

*“Despite a clear vision and pronounced government commitment to DbyD, the Local Government Reform has been frustrated by several implementation*

*bottlenecks that can only be described as contrary to the vision of LGR and the DbyD strategy. Apparently the vision/strategy is not owned by all key stakeholders. Without sharing the vision and without holding all institutions of government accountable for delivering on the strategy and vision of DbyD, the LGR will continue to be frustrated.”*

The strategy document argues (p.6) that there are three main bottlenecks in the application of the DbyD strategy. First, is the apparent reluctance by the Central Government to devolve autonomy for human resource management to the LGAs. The second bottleneck concerns financial autonomy. Most financial remittances to LGAs are controlled by the Ministry of Finance and the ministry responsible for local governments, and come with strict guidelines for expenditure, allowing little to no autonomy to the LGAs. A third major bottleneck is the practice by the central government and sector ministries to govern by directive.

Effective, responsive and responsible local governments are important, not only for the local communities, but also for the entire nation to enhance democratic and developmental public institutions. Government commitment to DbyD is essential to the success of the local government reform process. Dialogue and agreement on roles and responsibilities among the key actors are required. It is critical that the local government reform programme contains mechanisms that can ensure that DbyD will be understood and adopted by all. Increasingly, citizen participation and accountability are emphasized by politicians, professionals and civil society leaders in Tanzania. The public in general have also become more aware of their rights and responsibilities. Yet, there is a need for even deeper commitment by the political, administrative and civic leaders in order to attain the objectives of the local government reform programme.

Our research has shown that perhaps the most easily overlooked lesson about the local government reform in Tanzania is that devolution takes a long time to achieve. The experiences of Western countries illustrate this well: it took centuries for them to develop reasonably effective local government authorities. It is therefore not surprising that Tanzania's record to date has yet to meet expectations. Sustainable change demands sustained effort, commitment and leadership over a long time. Mistakes and setbacks are normal and inevitable components of the process. The big challenge is to use failures as learning opportunities, rather than as excuses for abolishing reforms.

## **Vulnerability and Social Protection: From Conceptual Frameworks to Interventions**

**Flora Myamba and Maia Green**

### **Introduction**

Social protection represents a relatively new approach to reducing poverty in developing countries. It aims to target the poorest with a variety of measures so as to ensure basic consumption and support productive investments. Recent shifts in development policy have created an environment in which social protection instruments, including cash transfers to the very poor, are viewed as positive interventions. They can both protect against extreme poverty and enable individuals and households to preserve livelihoods and protect human capital. Because social protection is potentially protective and transformative (Devereux & Sabates Wheeler, 2004), it is a key instrument for governments seeking to create the social conditions conducive to growth and for ensuring that the benefits of growth are inclusive. Designing effective social protection policies requires an in depth understanding of the factors which contribute to poverty and vulnerability in particular settings and of the ways in which the poorest individuals and households are integrated into rapidly changing economies. In Tanzania, REPOA has systematically prioritised the analysis of poverty and economic growth along with developing work on the ways forward for effective and inclusive social protection policies.

This chapter provides an account of the evolution of the social protection agenda in Tanzania leading to the current implementation of the national social cash transfer programme to one million households through the third phase of the Tanzania Social Action Fund. REPOA played a central role in establishing social protection at the heart of MKUKUTA 2, the national strategy for growth and poverty reduction between 2000 and 2012. Research conducted by REPOA demonstrated the range and scope of vulnerability in Tanzania, highlighted the relationship between impoverishment and low levels of human capital

and the need for ensuring that all people affected by poverty and vulnerability (such as people with disability, older persons, children in poor households and people living with HIV/AIDS, *etc.*) are involved in decision making on issues that concern them. This is the essence of inclusive social protection.

The chapter is structured as follows. Part one provides a history of social welfare and community development in Tanzania. Part two explores policy shifts in the post-independence period in the aftermath of structural adjustment. The emergence of social protection as a policy instrument is contextualised in relation to changing policy environments generated through debt relief and the Poverty Reduction Strategy framework. Key concepts developed by REPOA around generalised insecurity play a critical role in conceptualizing vulnerability and the design of effective social protection interventions. The final section considers current social protection initiatives in Tanzania, including the cash transfer component of TASAF 3, and highlights emerging gaps for policy interventions and further research.

### **Social Protection and Current Status in Development Policy in Tanzania**

The concept of social protection refers to a range of public actions carried out by multiple stakeholders (including state, civil society, private sector and donors) with the goal to address risk, vulnerability, discrimination and chronic poverty among individuals, households and communities. There is growing consensus in Tanzania in support of widening the scope of social protection from narrow and targeted safety net interventions, for example as a response to crises such as food shortage, into a national social protection system which can integrate policies that address poverty reduction with strengthened and sustained economic growth. Current interpretations of social protection in Tanzanian policy discourse adopt this broader developmental approach. Social protection in development practice comprises *protective* measures for providing relief from deprivation (*e.g.* disability benefits or non-contributory pensions); *preventive* means for averting deprivation (*e.g.* through savings clubs, minimum wage, and old-age pensions); *promotive* measures for enhancing real incomes and capabilities (*e.g.* through cash transfers and livelihood and public works programmes); and, finally, *transformative* means to empower and protect the rights of the poor and vulnerable and for addressing concerns of social equity and exclusion which often underpin their experiences (Wuyts, 2006). Thus

social protection has the potential for enhancing positive impact on growth given its capacity to protect assets that help people earn income, enhance access to basic services, promote participation in the labour market and investment, reduce poverty and inequality, and hence boost and transform the economy.

Social protection as a right of citizens is an established principle in many post-industrial and developed economies where long-term comprehensive social protection programmes cover many different aspects of life, from infancy to old age (Townsend, 2009; Epsing-Andersen, 1990). However, coverage is neither universal nor global. Post socialist states have witnessed a substantial decline in the coverage and scope of social protection systems since the 1990s. Although some poorer countries, notably in Latin America, are enhancing their social protection provision as they transition into middle income status, social protection in the majority of developing countries is very limited. In sub-Saharan Africa, only Namibia, Botswana and South Africa have extensive national social protection systems. Elsewhere, coverage and adequacy of programmes, policies, involvement of key stakeholders in making decisions, as well as coordination and linkage to other sectors of the economy is extremely limited. Until the first decade of the twenty-first century, extending coverage of social protection schemes in poor countries was largely ignored, seen as too costly, or considered secondary to economic development (Townsend, 2009; Mkandawire et al. 2004; Adesina 2007).

This situation is changing. National governments are increasingly exploring the potential of basic social protection systems to protect their poorest citizens from poverty. National Social Protection Strategies are being developed which seek to enhance the synergies between social and economic policies. Progress is often slow. Tanzania is no exception. The National Social Protection Framework, under formulation since 2008, remains un-finalized. The recently elected government's position on completion of the framework is yet to be determined. In many countries the potential impacts of social protection policies are frequently undervalued in comparison to conventional strategies for economic development which assume that poverty reduction is an inevitable by-product of a growing economy. In reality, growth is often highly uneven and often accompanied by processes of increased vulnerability and impoverishment. Moreover, the social institutions which can promote inclusive development are insufficiently considered.

In Tanzania although financial services are improving they are often unavailable for the poor who are subject to constraints that limit their access to credit. While government's commitment to extending access to social protection for the poorest through the national social cash transfer programme as part of TASAF 3 is to be commended, this is a short term intervention directed at poverty reduction with no guarantees of long term or sustainable funding. The financing of social protection in Tanzania, including the implementation of the cash transfer programme is extremely reliant on grants and loans. Developing a national social protection system in Tanzania requires long term financing and a sound evidence base which can inform the design of sustainable, effective interventions which fosters growth while protecting the most vulnerable. Policy research plays an important role in this process, identifying key entry points for the portfolio of social protection interventions which will maximise synergies with growth, delineating the core drivers of poverty and vulnerability and informing policy makers of best options for the future of Tanzania.

### **The History of Social Protection in Tanzania**

Social protection as a policy response from governments was an invention of nineteenth century European states in response to the social dislocation accelerated by changes in the organization of agriculture and industrialization. Formal social security through social insurance and social pensions became institutionalized in North America and Western Europe through the mid-twentieth century (Gough, 2004; Skopkol, 1992), along with the establishment of extensive social welfare regimes in socialist industrial states. The history of social protection is radically different in sub-Saharan Africa where colonial regimes limited social security to ruling groups and sought to place the responsibility for social protection on families and communities in rural areas (Adesina, 2007; Bevan, 2004; Lewis, 2000). The threadbare social policy implemented in what were designated as colonies presents a stark contrast with the emergent social protection systems in the colonizing states which were committed to modernizing government at home, including the extension of democratic representation, while seeking to sustain what were represented as "traditional" forms of political authority as modes of control in the territories they had appropriated (Cowen & Shenton, 1996). Differentiation between the scope of social policies implemented in northern countries and their former colonies has persisted throughout the post-colonial period,

contributing to poverty and insecurity for vulnerable citizens in many countries in sub-Saharan Africa, including Tanzania.

The German and British colonial regimes which governed Tanganyika prior to independence were innovators in social policy in their home countries. The German chancellor Otto von Bismarck had introduced a non-contributory old age pension for the extreme poor in the late 1890s, the first of its kind in the world. The government of Britain followed suit in 1908 (Skopkol, 1992: 4). The introduction of non-contributory old age pensions was a significant moment in the evolution of social protection instruments, marking a transition from *ad hoc* systems of short term relief directed at the destitute to systems where individuals meeting certain criteria of need had entitlements to some level of cash support. These transitions in social protection in European states marked an important shift in the ways in which persons deemed to be vulnerable to extreme poverty were supported by public authorities. Whereas the extreme poor had previously been viewed as indigent and in need to disciplinary measures such as the infamous workhouse to encourage their participation in the labour force (Block & Somers 2003; Williams 1981), social protection came to be conceptualized as an entitlement of citizens, albeit those who met certain conditions, rather than an *ad hoc* short term response to extreme destitution.

Social policy and citizenship were organized very differently in those territories governed as colonies by European states. Colonial rule was premised on a distinction between different categories of persons with different rights and entitlements (Mamdani, 1996). Therefore labour conditions and social entitlements became the focal point of anti-colonial protest in many colonial situations (Cooper, 1987). The potential costs of social security were perceived as a barrier to its extension to any beyond the small number of persons employed in formal sector roles. These were mainly citizens of the colonial powers who were in government employment. German rule in Tanganyika lasted between 1885 and 1919. It was oriented towards brutal pacification and the extraction of maximum economic value in the form of raw materials (Koponen, 1994). German colonial conquest, including the suppression of the Maji Maji rising, caused large scale social harm to the population of the territory (Iliffe, 1979: 454). With the exception of a directive mandating that plantation employers paid the health costs of workers, which was never enforced (Eckert, 2004: 473), German rule contributed to social insecurity in Tanganyika. British rule brought stability but little investment in social policy. After the First World War, Tanganyika was

governed by the British government as a protectorate under a League of Nations Mandate. Although the newly established international organizations, including the International Labour Organization, were beginning to advocate for the extension of social security globally (Eckert, 2004: 470-2), this was not a priority for the British colonial administration, which continually sought to reduce the costs of government as its territories were shifted towards eventual self-rule and financial self-reliance (Iliffe, 1979).

The British administration governed Tanganyika between 1919 and 1961. Social policy issues came to the fore after the Second World War when government sought to improve welfare in rural areas which were felt to compromise the modernizing aspirations of the colonial state as it was prepared for eventual self-government. This was not to be achieved through the use of direct instruments such as old age pensions or cash allowances to support rural dwellers which were considered prohibitively expensive and difficult to administer. Rather, rural populations were to be enabled to take greater responsibility for the improvement of their own living conditions through a combination of improved economic productivity and education. As part of this strategy of reorienting social policy towards rural areas, the administration sought to reframe interventions which had been directed at improvements in the welfare of the population as “community development.” In order to ensure that connotations associated with welfare as social support were succeeded by notions of community self-reliance (Eckert, 2004: 480), the department of social welfare was renamed the department of community development in 1949.<sup>(3)</sup>

The concept of community development in British colonial policy was applied in a number of countries in Africa, including Tanzania (Smyth 2004). It was informed by strongly normative notions of traditional social support within the extended family which remain foundational to narratives of African identity and social policy. Community development remained the dominant model for social policy in Tanzania after independence (Green, 2014). It continues to structure the organization of social protection responses in the present. The longevity of community development as a model for social policy in Tanzania is explained by several factors. First, social protection through social insurance remained limited to the proportionately small proportion of

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3 Letter from Social Welfare Organiser to Member for Social Services Secretariat, 18<sup>th</sup> August 1949, Tanzania National Archives, Development Commissioner Social Welfare File No Dev DC 32999.

the population in formal sector employment, despite the expansion of the public sector after independence. Second, successive governments in Tanzania have lacked the resources to extend formal social protection through such instruments as old age pensions or child grants. In addition, until recently, the donor agencies which have contributed to Tanzania's budget have not promoted long term commitments to recurrent social protection spending through direct instruments, preferring to argue for the socially protective effects of economic growth or the reduction of social risk as in, for example, the World Bank's Social Risk Management (SRM) approach which dominated social policy in East Africa in 2000s. Finally, community development as an indirect instrument of social protection has retained consistent political support, during and after socialism.

Julius Nyerere's social policy for rural areas was derived from colonial community development models delivered through the governance structures of villagization. Community self-reliance through hard work and local level social support for the vulnerable organized on the basis of traditional social forms was foundational to the ideology of *Ujamaa* as traditional African socialism (Coulson, 2013: 284). This was supplemented by occasional emergency assistance organized through the state, religious and non-government organizations.

As socialism gave way to market reforms in response to economic crises of the 1980s, social protection remained peripheral to policy makers and to the political elite. The emphasis was on restoring the functionality of basic services in health and education, good governance and macroeconomic stability. Policy discourse promoted by donors emphasized market opportunity. The lives of the poor would be transformed through inclusive growth. Within this policy framework, social support was not regarded as legitimately developmental and hence should only exist as emergency safety nets for victims of what were categorised as "natural" calamities (such as drought, food shortage or floods) or for those unable (through illness or disability) to support themselves. This approach was later criticized for its narrow focus on crisis responses while ignoring the structural causes of vulnerabilities, including the socio-cultural, political, and economic factors which render certain individuals vulnerable (Wuyts, 2006). It was becoming increasingly clear, in Tanzania and elsewhere, that the absence of effective social protection systems were impacting the capacities of countries and communities to deal with economic and social challenges, including the devastating effects of the HIV/ AIDS epidemic in the early 1990s, substantially contributing to the persistence of chronic poverty

in the region (Leach, 2007). Studies carried out by REPOA highlighted the shortcomings in assumptions about poverty reduction as leading to reductions in vulnerability and drew attention to the pervasive vulnerability of a high proportion of the Tanzanian population, particularly children (Wangwe & Tibandebage, 1999; Wuyts, 2006).

The 1990s proved to be extremely difficult for the majority of Tanzanian citizens dealing with the impacts of structural adjustment (Bagachwa, 1994; Cooksey, 1996; Semboja, 1996). The privatization of parastatals, a shrinking formal sector and the removal of state subsidies for the small farmer meant that even those who had experienced some protection from the full extent of economic hardships associated with the challenges of socialism now experienced poverty directly. High inflation and a shortage of imported goods combined with low producer prices and the collapse of traditional export crops including coffee and cotton made the situation worse. Donor finance invested in the provision of basic services could not compensate for years of underinvestment.

### **Social Protection in the Context of the Poverty Reduction Strategy**

The Poverty Reduction Strategy approach brought about the reduction of Tanzania's debt to its international creditors at the same time as it ushered in a new system through which development assistance was organized with new priorities for development spending. The harmonisation of aid in support of national objectives was situated within the context of the Millennium Development Goals (MDGs), which prioritised the reduction of extreme poverty and hunger (Hulme, 2009; Craig & Porter, 2007; Wangwe, 2010). The adoption of the poverty reduction strategy approach had important implications for Tanzania's ability to address extreme poverty in the country and the eventual move towards adoption of a commitment to implementing social protection programmes.

With additional resources made available through harmonized assistance, Tanzania could focus on policy responses to tackle inflation, increase macroeconomic stability and promote growth while restoring functionality to basic services. With poverty reduction a priority, Government could begin to work out effective policies for sustainably addressing extreme poverty and reducing vulnerability in the country. While international influences on poverty policy were significant, the role of national research was fundamental in delineating key determinants of poverty and vulnerability in the country. National research institutions played an important role in highlighting shortfalls

in social protection and in the analysis of policy options which could prove effective in addressing poverty and vulnerability in the country.

REPOA, as secretariat to the Research and Analysis Working Group of the national Poverty Monitoring System played a critical role in the operationalization of anti-poverty policy and in producing research on the social situation in Tanzania which would inform policy approaches to poverty reduction in the country. A nationwide Participatory Poverty Assessment (PPA) was carried out in 2002-3. This proved to be a turning point in approaches to poverty and vulnerability in Tanzania. The PPA clearly demonstrated that although persons in certain social categories were at greater risk of vulnerability to impoverishment than other people, the majority of Tanzanians could be considered as suffering from the effects of poverty (RAWG, 2004; Ward, Gregson, Watson & Katera, 2005. HIV and AIDs was becoming an increasing problem, not only for those living with the virus but also for those households who assumed responsibility for the care of children whose parents had been lost to the disease (PPA, 2002/03). Further analysis of the PPA findings and additional studies by REPOA on the situation of children living in households affected by HIV and AIDS resulted in a clear recognition by Government that many Tanzanian children were vulnerable, not only those who had lost parents to the disease. The Government eventually introduced a category of Most Vulnerable Children (MVC) to capture this complexity which was not adequately addressed through the existing development categorisations of Orphans and Vulnerable Children (OVC).

While the initial PRSP which ran from 2000 to 2005 did not explicitly feature social protection as a component of social policy, subsuming human development outcomes under the social development banner, the PRS approach enabled the emergence of an institutional architecture which would support policy knowledge around poverty reduction in Tanzania. This, in turn, created the policy space where understandings of causes and contributors to poverty nationally could be discussed as well as a forum for the debate around appropriate instruments for tackling it. The RAWG and REPOA were central to this process. At the same time, policy narratives around the most effective instruments for reducing poverty internationally were being reconsidered. The conjunction of policy focus on poverty reduction with a re-emergence of debate around social protection contributed to a gradual recognition among leading development players, including Department of International Development (DFID) and UNICEF, that some form of social protection

involving direct instruments was the only way to make lasting progress in tackling extreme poverty and vulnerability.

The World Bank as the lead producer of knowledge about poverty and of instruments for addressing it (Green, 2006) was gradually altering its position on the relation between poverty reduction and economic growth. The Bank's Social Risk Management Framework released in 2001 recognized that vulnerability could not be addressed through growth alone, but required consideration of more direct, short term interventions (Holzmann & Jorgensen, 2001). The Bank's framework had been extremely influential in highlighting the diverse factors which contribute to the impoverishment of households and individuals. However, its analysis of risk underplayed the structural factors which contribute to vulnerability in poor countries, including the lack of access to inclusive social protection. Further, in associating risk with life cycle events which were largely unavoidable, such as death or family breakdown, the framework failed to take into account the pervasiveness of risk in situations of what REPOA's Marc Wuyts termed "generalized insecurity."

### **Addressing Generalised Insecurity**

Despite the key objective of poverty reduction as orientation for government policy in the year 2000 and beyond (post Structural Adjustment), it was becoming increasingly clear that reliance on growth alone to address poverty was having limited impact. For Wuyts, social insecurity was not an outcome of failure to manage "social risk". It was pervasive in "a society where vulnerability to impoverishment is more or less endemic in the workings of its economy, thus leaving only few pockets of robust socioeconomic security at the very top end of the income distribution." In such a society, as is the case for Tanzania, insecurity is "generalized" (Wuyts 2003:3) and accentuated by rapidly growing levels of poverty. Without effective systems of social protection these could only increase. According to Wuyts' analysis, the conditions which characterized the country's socioeconomic development resulted from the fast growing informal economy together with the erosion of regulatory frameworks protecting formal sector workers, along with reductions of government subsidies, cuts to public services and falling producer prices which can be traced in Tanzania from the 1980s. Consistently, the NSPF draft (2008:13) established that, "Given the growing social and economic vulnerability and income insecurity among the majority of Tanzanians, the national socio-economic context can be described as one of generalized insecurity, *i.e.* a socio-economic

situation in which vulnerability to impoverishment is widespread, and access to effective social protection is low.” Watson and Gibson (2009:7) further pointed out that, within this situation of generalized insecurity, certain population sub-groups were particularly vulnerable and open to the risk of adverse outcomes such as impoverishment, ill health, or social exclusion, including the elderly, the disabled, widows, people affected by HIV/AIDs and MVC.

Traditional forms of family support could not be assured as society underwent massive upheaval, especially in urban areas. Reducing risk in a context of generalized insecurity was unlikely to be achieved through continued reliance on indirect instruments of social protection such as economic growth. Nor could it be achieved through targeting of vulnerable groups. As formal sector employment continued to contract, along with access to formal sector social security schemes, there was an urgent need to revisit social protection in Tanzania. Studies elsewhere in low and middle income countries were beginning to demonstrate clear links between the extension of formal social protection systems and poverty reduction. In Latin American countries such as Mexico, there was a positive relationship between the implementation of a national social protection scheme and increased rates of economic growth (Adato & Hodinott, 2007; Franzoni & Voorend, 2012; Molyneux & Thomson, 2011). Moreover, access to social protection for the poorest households increased household incomes, improved the nutritional status of children and led to increased rates of participation in education.

### **Social Protection as a Development Instrument**

The emerging interest in social protection at this time was not confined to Tanzania. It was part of a global resurgence in social protection as a policy response to extreme poverty in the lead up to the MDGs. The promotion of social protection was championed by diverse stakeholders, among them representatives from Latin American countries which had introduced social protection programmes, multilateral agencies including UNICEF, which recognised the potential of social protection to reduce child poverty and vulnerability, and international NGOs working with vulnerable social categories such as HelpAge International and Save the Children. Bilateral agencies, notably DFID, strongly advocated a social protection agenda. Although Latin American countries had lead in the implementation of a new wave of social protection programmes based on conditional cash transfers since the early 2000s, a number of African states have actively sought to extend the reach and scope of

direct instruments for social protection in their countries. Building on the institutional infrastructure already in place for the delivery of social welfare, the Southern African states of South Africa, Botswana and Namibia had extended the reach of non-contributory old age pensions. South Africa's child support grant, introduced in 1998 and recently extended to benefit more than 16 million children, has proved hugely successful in supplementing the household incomes of carers of children, many of whom were unemployed (Lund, 2008; Patel & Hochfeld, 2011; Pauw & Mncube, 2007; Samson *et al.*, 2004).

Over the past decade, a number of states including Ethiopia, Ghana, Nigeria and Kenya have implemented social protection interventions within the context of short term programmes directed at reducing the vulnerability of the most poor, including women and children (Ellis, 2012; Slater, 2011). These programmes, such as Ethiopia's PSNP and Ghana's LEAP, combine elements of conditional and unconditional cash transfers (Amuzu *et al.*, 2010). A number of pilot programmes based on cash transfers to the extreme poor, often implemented through NGOs, have produced design lessons which have informed the national programmes. TASAF, for example, implemented a pilot conditional cash transfer programme in three districts of Kibaha, Chamwino and Bagamoyo in 2009-2012.

Significantly, the African Union acknowledged the centrality of social protection as an enabler of development in its 2008 Social Policy Framework, emphasizing the potential of direct instruments including social cash transfers for reducing vulnerability (Wright & Noble, 2010). Although the changed policy climate in which social protection is regarded as an essential precursor to development rather than a negative cost has created the context in which large scale social protection programmes are becoming foundational to development policy in many countries, establishing effective systems for the delivery of social protection is yet to become the focal point of large scale institutional reform. With the exception of the southern African states for which social security is conceptualised as a right of citizens, most of these new social protection programmes are envisioned as essentially narrow and short term transitional arrangements, rather than as transformations in social citizenship.

### **Extending Social Protection in Tanzania**

A study of social protection in Tanzania commissioned by the RAWG in 2003 revealed the limited reach of the existing social protection system

(Lerisse, Mmari & Baruani, 2003). Social protection functions were dispersed across numerous ministries and government departments. Rural people and informal sector workers, that is the vast majority of citizens, had no access to formal social protection (Ackson & Masabo, 2013; ILO, 2009a). A number of formal sector contribution based schemes existed mainly for public sector workers. Benefits levels were not high (Ward, Gregson Watson, & Katera, 2005). Community support through the traditional family was assumed to provide the basis of social protection for ordinary Tanzanians, despite increasing evidence to the contrary. The rise in the numbers of children categorized as vulnerable and phenomena such as the displacement of elderly widows in Western Tanzania pointed to strain on existing institutions (Forrester, 1998; MHSW, 2008). Wangwe & Tibandebage (1999) further argued that various factors contribute to vulnerability and exposure to different shocks among the majority in Tanzania. Low and unreliable income in the informal sector, high unemployment rates especially among the youth, changes that are eroding effectiveness of family based mechanisms of social protection, and very limited social formal social security arrangements are among the common shocks referred here. This situation was particularly acknowledged by the government in the design of support to vulnerable children through AIDS funding which was channelled through the Tanzania Social Action Fund (URT, 2007).

### **National Social Protection Framework (NSPF)**

MKUKUTA I stresses the importance of having a framework in place capable to address vulnerabilities and to provide social protection for various vulnerable groups to enhance their quality of life and well-being (URT, 2005: p.31). MKUKUTA I highlighted the importance and need for improved quality of life and social well-being through adequate social protection and rights of the vulnerable and needy groups with particular attention to provision and acquisition of basic needs and quality services. Following MKUKUTA, the Government of Tanzania moved on to drafting the National Social Protection Framework (NSPF) aiming to address the fragmented efforts among multiple stakeholders to improve the livelihood and social well-being of the poor and most vulnerable groups, including people with disability, orphans, most vulnerable children, widows, and the elderly. The NSPF further aimed to facilitate the smooth implementation of social protection interventions and promote dialogue, particularly on key challenges of limited coverage of formal and informal social protection, inadequate coordination of

programmes, inadequate institutional capacity, insufficient and scattered data, limited recognition of gender, low level of community participation, and resource constraints (NSSP, 2012), among other issues.

In 2011, REPOA was invited to provide input for the draft National Social Protection Framework (NSPF). REPOA identified and highlighted the extent of vulnerability arguing that these groups need social protection so as to participate in the growth process. The ideas presented by REPOA were incorporated in the draft NSPF. REPOA continued to participate in addressing the comments raised by the Cabinet and improving the draft as a member of the Social Protection Task Team. Consistent with the NSSP objectives, REPOA has implemented multiple research projects addressing key issues on vulnerability and social protection. Examples of such research include the studies on Children and Vulnerability in Tanzania (2007), Impact of Reforms on the Quality of Primary Education in Tanzania (2008), Negotiating Safe Sex among Women (2008), Influencing Policy for Children in Tanzania (2009), Coping Strategies Used by Street Children in the Event of Illness (2010), Widowhood and Vulnerability to HIV and AIDs Related Shocks (2010), Ethics in Maternal Health Care (2013), Silent Killer, Silent Health Care (2014), Disability and Social Protection (2014), and Achieving Income Security in Old Age through Pension Schemes (2015), to name a few.

Overall, these studies found inadequate inclusion of all groups of poor and vulnerable populations such as people with disability (PWD), women, children, and people living with HIV/AIDS in the social protection system and programme interventions in particular. There is also limited involvement of these groups in decision making on issues that concern them. The studies determined the necessity to identify the needs of the poor and vulnerable based on gender, age, and education, as well as poverty levels. Evidence from the above named study on disability, for example, indicates that people with disabilities in the study districts were on average poorer and older than households without a disabled member. People with disabilities were also less likely to be educated, less likely to be married and to have children, and more likely to report a serious illness. Despite the evidence of greater need for social protection among people with disabilities, households with disabled members were not more likely to be included in social protection programmes (with the exception of the very small number of individuals enrolled in TASAF II).

The study on ethics, payments and maternal survival in Tanzania is another example. This study evidenced absence of key empowering

factors that could contribute to the empowerment of maternal health workers. The lack of capacity for emergency care at the health-centre level, the lack of transport for referrals, shortages of staff and supplies, poor infrastructure, and poor working environments are examples of disempowering factors for nurses/nurse midwives in health centres. The severity of supply shortages, especially in lower-level facilities, for instance, had apparent interaction with acts of bribery and abuse of patients. Through stakeholder meetings and participation in the sessions to contribute in TASAF III, some of these findings were taken on board, including the livelihood enhancement and infrastructure components of the programme. Specific evidence regarding the TASAF programme is presented in the next section.

### **Social Protection Implementation Through TASAF**

The Government of Tanzania started implementing social protection through TASAF in the year 2000. TASAF is a semi-autonomous government agency located in the president's office implementing poverty reduction programmes all over Tanzania. Like other World Bank supported social funds in adjusting countries, in Latin America for example, the general objective of TASAF was to provide support to social sectors in the aftermath of adjustment (Tendler, 2000). Financed through the World Bank as a loan to the government, the programme has been implemented in phases and is now in its third phase. The initial phase (TASAF I-2000-2005) focused on improving infrastructure and access to services, especially education, health, and clean water, as well as providing short term opportunities for wage labour in remote villages through occasional public works. Moreover, the Social Support Programme (SSP) was income generating but targeted the most vulnerable. TASAF II (2006-2013) implemented and improved the same programmes and introduced a component called "Support to Vulnerable Groups" which involved livelihood strengthening along with a pilot conditional cash transfer (CCT) programme. TASAF III (2013-2017) has scaled up the CCT programme through a Productive Social Safety Net (PSSN). This programme focuses on poor households in village communities. In the light of the Household Budget Survey (HBS) 2012 findings and in line with reduction of the case load of extreme poverty, the programme plans to benefit about 1 million households by the end of programme. The programme aims to enhance the livelihoods and reduce risk of poor and vulnerable households. This has become TASAF's most famous social protection programme thus far.

Following TASAF implementation, REPOA conducted a study in 2012 to explore the extent to which the CCT (pilot) programme can be productive and can enable the poor to overcome social vulnerabilities that generate cumulative processes of deprivation. The study (Myamba, Tibandebage, Israel, forthcoming 2016), determined that despite reported short-term benefits including improvement in health, education, and consumption, challenges exist and are worth highlighting. First, on the supply side within the health and education sectors, there are challenges which require intervention from line ministries and development partners. Issues associated with accessibility, adequacy, and affordability of services in the two sectors were reported to be frustrating. The ability of beneficiaries to access the services was restricted by high transportation costs and user-fees (although these basic services were meant to be free), and service delivery was generally of a poor quality and inadequate, with, for example, lack of medicine and medical supplies, unfavourable treatment of patients by health providers, few teachers in large classrooms and absenteeism of teachers, poor teaching skills, lack of teaching materials, and long distances to and from home. These challenges consequently weakened the effectiveness and implementation of the programme all together; although it was evident through the same study that conditions pushed beneficiaries to ensure that children and elderly attend school and health clinics for fear of being expelled from the programme. These issues highlight some of the practical concerns in attaching administratively costly conditions, particularly in low-income countries where there is a need to improve social services (Grosh, 1994; Caldes & Maluccio, 2005). Whether or not conditions are necessary in delivering cash transfer remains to be further researched.

Second, the study found that the majority of beneficiaries did not own durable assets such as land, nor did they have capacity to fully utilise them due to their old age, ill health, and other like limitations. Such individuals failed to engage in investments and livelihood activities for longer-term benefits; hence, they were prone to continued dependence on the financial support. In addition, while the majority of beneficiaries perceived the transfer to be useful, amounts were considered too low to be genuinely transformative. The amount was insufficient to fulfil both basic needs acquisition and savings for productive investments at the same time given the increasing cost of living. Thus the majority used the programme cash for food and other basic needs with only a very few beneficiaries engaging in small scale productive activities.

It is worth noting that the programme expectation is for beneficiaries to graduate and be able to contribute to the national economic growth in return. This becomes a challenging expectation for beneficiaries given the limitations in productive investment. Low and insecure income can be quite risky to use in investment. According to Devereux (2002), risk-taking behaviour requires sufficient safety-nets. It is only when immediate consumption needs are met that any surplus income can be put into productive investments (Dercon, 2011). Issues of sustainability are not unique to Tanzania; they are similarly evident in other countries in Africa, Asia and Latin America where CCT programmes have been implemented and where there is heavy reliance on grants and donor support to implement the programme.

Third, through the same study, challenges associated with targeting were raised. One major issue is the reality of high demand among poor populations vs. limited resources, especially cash, to fulfil the needs. As such, exclusion and inclusion errors which led to accusations of favouritism, bias and corruption were unavoidable. This, however, is not to argue that they are wrong accusations. The other related issue is the difficulty in targeting urban and peri-urban settings where people can easily and regularly move from place to place, making it hard for community-based targeting, since not all street neighbours know one another well enough to justify inclusion or exclusion in the programme.

The study findings were well received by TASAF and were incorporated in the Productive Social Safety Net (PSSN) Programme. As a result, REPOA was invited to be part of the review and input for the CCT implementation programme (TASAF III). TASAF continues to provide the infrastructure for social protection interventions in the country. Some of these challenges have been taken into account in the PSSN programme. For instance, in addition to cash for targeted households, the programme implements livelihood enhancement and public works programmes in which members of beneficiary households qualify to participate. In addition, PSSN has an infrastructure component, designed to address the supply side challenges.

REPOA continues to conduct research and provide relevant evidence to inform policy and social protection programme implementation, particularly through TASAF. In 2014, for example, the institution was funded through a competitive grant by the IDRC Growth and Economic Opportunities for Women (GrOW) Programme to implement a study to assess the impact of cash transfers on women's empowerment within the TASAF Programme. This on-going study aims to measure the extent to

which CCTs enhance women's ability to make decisions on production in agriculture and other income generating activities. REPOA hopes to influence social protection programmes to improve focus on women's empowerment. The findings will also inform and influence social protection policy ideas within and beyond Tanzania on how best to design cash transfer programmes to engage and benefit women. Alongside this study, REPOA is collaborating with UNICEF to implement a study on the impact of CCTs on youth well-being and transition to adulthood. Each of these studies complement the overall impact evaluation of the PSSN Programme implemented through NBS/World Bank.

## **Gaps in Tanzania Social Protection**

Social protection in Tanzania continues to face the following challenges:

### ***Coverage***

Globally social protection coverage is low, encompassing only 20% of the population (ILO, 2009). In developing countries including Tanzania, coverage levels are significantly lower and inequitably distributed. Coverage by pension schemes in Tanzania remain very limited (less than 6% of the total labour force) and largely confined to the formal sector, excluding the majority of the population in the informal sector and agriculture. At the same time, a number of challenges constrain pension schemes to provide adequate benefits to even those already covered. Coverage through social assistance programmes such as TASAF is still insufficient. The programme could be extended to cover more people (beyond the extreme poor group) to include those living in poverty and vulnerability. This change is subject to financial and other resource availability.

### ***Investment***

Limited access to, restrictions to ownership of productive investments and assets including land, together with constraints to access credit and certain resources prevent the poor from undertaking investment. This negatively impacts long-term labour productivity, economic growth, and development. In Tanzania, for example, only 14% of the population has access to formal banking (WB, 2011). It is evident that even through the TASAF PSSN programme this challenge is yet to be resolved.

### ***Affordability and Sustainability***

Social protection initiatives in developing countries face financial constraints which impact sustainability and scaling up of interventions.

These countries heavily rely on donor allocations. A study of cash transfer financing in Malawi, Zambia and Kenya, for instance, found that the continuation of all but one of the cash transfer programmes implemented was contingent on on-going donor support (McCord & Slater 2009). Tanzania is not an exception. TASAF's CCT pilot programme, for instance, was implemented through a grant from the Japan Social Development Fund (JSDF). The outlook for sustainable commitment is, however, positive. The Government committed USD 46 million for 2015, set to increase to USD 100 million from the subsequent year. Development partners such as DFID, EU, and the World Bank continued to indicate interest in financing this programme. Countries like Brazil and South Africa, in which government finances the largest or full share, the implementation of social protection has had enormous success and a great deal of lessons to learn from.

### *Insufficient Data and Targeting Errors*

Accurate up-to-date data on the status and needs of the poor and vulnerable populations are often not available to enable timely and appropriate interventions. Inclusion and exclusion errors are common, resulting to duplicated or limited initiatives. The study on disability (Walsham, et al forthcoming, 2015) and the study on cash transfers (Myamba, et al forthcoming 2016) by REPOA, for instance, substantiate this concern. This problem of implementation raises the debate of whether or not universal is better than targeted social protection.

### *Inadequate Institutional Capacity*

Social protection interventions face severe constraints in planning, implementation, delivery mechanisms, monitoring and evaluation systems, and reporting due to limited financial, administrative, and human resource capacities.

## **Future Social Protection in Tanzania**

Sustainable social protection which can transform the poor and vulnerable out of poverty is the way forward. Transformative social protection will address concerns of social equity and exclusion which reinforce people's experiences of chronic poverty and vulnerability. This will not only facilitate poverty alleviation but transform the lives of the most poor and vulnerable. This system will also cushion the unprotected groups of the population, particularly in the informal sector in society when they fall into risk and adverse shocks.

The future social protection system must focus on the specific and long-term needs of people living in poverty. This system will seek to strategically mobilize resources for transformative and sustainable social protection. Such an approach could be enabled through effective collection of taxes from internal revenues to benefit the poor and vulnerable. Resources could also be mobilized through development and like-minded partners. The resources could be transferred directly to the beneficiaries of the TASAF programme for productive investments and livelihood enhancement programmes, in addition to the programme cash. More resources could be utilized to extend coverage through TASAF to benefit more people in poverty and destitution. Sufficient resources enable effective delivery of accessible, adequate, and affordable health, education and other social services.

Moreover, there is great need for a structure which brings together the components of principles, policies and practices, while ensuring that all groups of poor and vulnerable populations such as PWD, women, children, people living with HIV/AIDS, etc. are involved in decision making on issues that concern them. This is the essence of inclusive social protection.

Gender sensitive social protection policies and programmes are crucial. We need a social protection system that recognizes existing power relations between men and women, and that considers the influences of control, participation, access, and welfare. Social protection programmes that engage and benefit women equally as men, and which understand and use research findings to put more emphasis on improving women's economic empowerment are ideal. Policies should promote equal power relations, not reinforce vulnerabilities, risks and exclusions.

The question of universal vs. targeted social protection which is also evolving among local and international actors, especially donors, is yet to be effectively answered and implemented in Tanzania. Zanzibar has made a step ahead with the plan to implement a universal pension for elderly starting this year (2016). The best approach is the one which allows a wider reach in an appropriate way. Clearly defined goals for implementing social protection should guide the approach for delivery of associated intervention. Political will and commitment from the elected government is critical, which in turn depends on this being a priority for the citizens of Tanzania.

Overall, adequate information and research, good infrastructure, adequate resources, appropriate delivery systems and improved human

capacity (especially at lower levels), are among the key factors that will contribute to effective social protection interventions in Tanzania.

## **Conclusion**

It is clear that a lot remains to be done to strengthen the social protection system of Tanzania. The NSPF draft must take no longer to be finalized and practically utilized so as to guide the implementation of social protection. It is also certain that the CCT Programme implemented through TASAF, as for the majority of the CCT programmes implemented in Africa, Latin America, and Asia, has had enormous positive impact for individuals, households and communities. Productive investment, on the other hand, faces major challenges. While the amount received seems sufficient for acquisition of the short-term basic needs of beneficiaries, it is unrealistic to expect that beneficiaries will make sustainable savings out of it. TASAF may thus have a long way to go before PSSN beneficiaries can graduate out of poverty given the limitations in making savings and investments for enhanced livelihoods and transformative social protection. Multiple livelihoods enhancement interventions become necessary to complement what TASAF has already started. There is need to further research the needs, gaps and potential areas of collaboration and coordination for TASAF and in social protection. It is therefore important to note that research and analysis must continue to play a role in informing the design and implementation of social protection programmes. Evidence based policy development and decision making is key.

# 6

## **Agriculture and Rural Growth for Poverty Reduction: Policy and Institutional Innovations**

**Donald Mmari and Blandina Kilama**

### **Introduction**

For a considerable period of time since independence in 1961, the economy of Tanzania and the livelihoods of the majority of its people have been predominantly dependent on agriculture. This is partly explained by the colonial history that created a heavy bias towards primary production, mainly agriculture. In 1961, agriculture accounted for almost three-fifths of GDP, while manufacturing accounted for only 2.8%.<sup>(4)</sup> Exports, which accounted for 31% of GDP, consisted mainly of unprocessed agricultural products (Bank of Tanzania, 1983). However, the contribution of agriculture has declined in recent years. By 2014 the agriculture sector contributed 28.4% of GDP (National Bureau of Statistics, 2015). The significant decline in the current share of agriculture resulted from both the revision of national accounts in 2007 and the increase in the importance of economic activities in other sectors. While the share of agriculture has declined, the Integrated Labour Force Survey for 2006 showed that 75% of the labour force was still engaged in the sector (National Bureau of Statistics, 2007), with a further decline to 66.3% as reported in the 2014 labour force survey (National Bureau of Statistics, 2015). Agriculture is thought to be a sponge that accommodates those in the informal sector and those who lack employment (Wuyts & Kilama, 2014). It is on this basis that a case was made for stimulating and sustaining agricultural growth for any significant reduction in poverty. The Poverty and Human Development Report (PHDR) 2005 stated that, “reduction in rural poverty requires a sustained agricultural growth rate of 6% per year, coupled with strategies to ensure broad-based growth, recognizing that Tanzanian agriculture is driven mainly by smallholders.”

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4 Earlier national accounts grouped agriculture, hunting, forestry, and fishing together. In 1961, it accounted for 58.9% (Bank of Tanzania 1983).

Many government efforts and policy initiatives have been put in place since independence to promote agricultural growth and its contribution to poverty reduction since independence, ranging from improvement and transformation approaches in the 1970s to structural adjustments in the mid-1990s that led to the abolition of crop marketing monopolies and liberalization of trade. NSGRP/MKUKUTA in 2005, and the National Agricultural Input Voucher Scheme (NAIVS) from 2003 also sought among other things to promote agricultural growth. Many other development agencies and NGOs have since participated in various interventions in the agricultural sector. Yet, performance in the agricultural sector is not generally promising. Productivity of smallholders has remained low, output of major traditional export crops and export earnings have fallen dramatically, and rural poverty has continued to be pervasive. Research undertaken by REPOA and other researchers in the field over the years suggests that a new approach involving institutional collaborations between market and non-market actors have potential to reverse falling agricultural productivity, to raise output and farm incomes, and to enhance export competitiveness of Tanzanian agricultural commodities.

This chapter provides a snapshot of the evolution of policy shifts and how agricultural output, productivity, and export performance have responded since 1995 in the context of post-independence history. It then outlines some proposals for enhancing the productivity and competitiveness of smallholder agriculture, drawing from some case studies carried out over the last six years, followed by concluding remarks.

### **Policy Evolution and Outcomes on Output, Exports and Productivity**

The claim that Tanzanian agriculture is predominantly based on smallholder production was well captured by O’Laughlin (2004). Table 6.1 below shows significant contribution of smallholders in agricultural production for both domestic production and for exports. It shows that about half of the crops produced in 1992 were not marketed.<sup>(5)</sup> It also shows that, a large proportion of agricultural output is for domestic consumption, and 14% for exports. Smallholders produced 92% of the total agricultural output. Nearly half of all agricultural exports were produced by the smallholders, and slightly more than half by plantations.

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5 The data on this table is drawn from the input-output tables for Tanzania last constructed in 1992.

**Table 6.1: Social Structure of Crop Production, 1992**

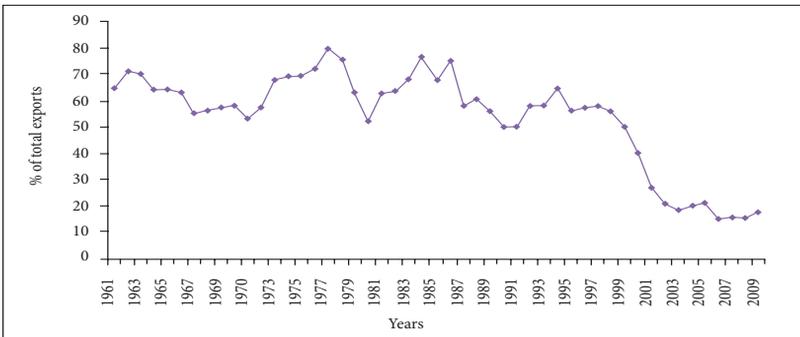
Form of production	Domestic consumption		Exports	Total
	Non-marketed	Marketed		
Small-holder peasantry	51.00%	34.10%	6.40%	92%
Plantation/ large farms		0.90%	7.50%	8.40%
<b>Total</b>	<b>51.00%</b>	<b>35.00%</b>	<b>14.00%</b>	<b>100%</b>

Source: O’Laughlin (2004: 4).

By 2013, as reported in the Economic Survey 2013, 41% of the Tshs. 3.3 trillion contribution of crop production to the GDP at 2001 prices was non-marketed, still a significant proportion. The agricultural census survey carried out in 2007/8 also showed that smallholders dominated production of both annual and permanent crops, which together accounted for approximately 88% of the total planted area (National Bureau of Statistics, 2012).

According to the agricultural sample census, cereal crops constitute the largest percentage of crops grown in Tanzania, occupying 71% of the total planted area, with cash crops occupying only 5% of the total planted area in 2007/8 crop season. As Mmari (2012) observes, however, the importance of export crops to the Tanzanian economy in terms of foreign exchange explained the state’s keen interest for controlling export crop production and marketing. Since independence and up until the mid-1990s, traditional export crops contributed well over half of total goods exports.

**Figure 6.1: Share of Traditional Export Crops in Total Goods Exports, 1961-2009**



Source: Mmari (2012, pp. 44)

This dependency has since declined dramatically. First, it is explained by the decline in the volume of traditional agricultural exports and prices realized at international commodity prices. Second, there has been increase in exports of non-traditional commodities, especially minerals, for instance, which accounted for an average of 53% of non-traditional exports between 2008 and 2012 (The Economic Survey for 2012). The decline in the volume and prices of agricultural exports contributed to the expanding trade gap and to a fall in the purchasing power of exports. Despite the dramatic decline in the contribution of export crops to total exports, a large number of smallholders remain dependent on cash crop production. According to Mmari (2012) for example, between 400,000 and 500,000 smallholders are engaged in coffee production, and 13,074 in sugarcane production. In general, agriculture still provides livelihoods for the majority of Tanzanians, as the recent labour force survey indicated as noted earlier in the chapter. Poverty estimates in Tanzania indicate relatively high levels of poverty in rural areas, which changed very slowly over the last 22 years. According to the Household Budget Survey for 2012, rural poverty level by headcount was 33.3%. This is significantly higher than the 4.2% and 21.7% poverty levels of Dar es Salaam and other urban areas, respectively.

As Mmari (2012) observe, the poor performance of agricultural output and exports can be explained by the development strategy adopted in different time periods, and by low productivity in the sector. Following independence in 1961, Tanzania pursued a mixed economy, with the private sector operating alongside a few state enterprises. Agriculture dominated the economy, contributing to nearly half of GDP, characterized by a narrow range of export crops, produced in a dual system of large-scale plantations on the one hand and smallholders on the other. The First Five Year Plan (FFYP) of economic and social development in 1964 aimed at attaining relatively fast growth in agriculture, to be achieved through the “improvement” approach for traditional production, and through the “transformation” approach involving opening up new areas for modern and mechanized farming. The two approaches were influenced by a World Bank mission’s report in 1961 entitled “Economic Development of Tanganyika” (Bank of Tanzania, 1983).

The improvement approach focused on crop husbandry by smallholders through extension services and application of better inputs while maintaining a low capital–labour ratio, and was based on the belief that the rural sector had a large amount of underutilized land and labour. The transformation approach was aimed at transforming agriculture through modernization of the sector, by creating highly

productive village settlements in new areas with high capital intensity (*ibid.*). Two problems were associated with these approaches. First, a large proportion of the budget was allocated to the transformation approach, while the majority of agricultural populations were targeted under improvement of traditional agriculture. The second relates to the weakness of the 1964 village settlement scheme, a major vehicle for this approach. Although the initial periods of the scheme counted on voluntary settlement backed by the state provision of credits, farm implements, and social services, unfortunately insufficient preparations were made to develop the skill base of farmers in the schemes, and to integrate production and marketing. These programmes were financially unviable, because, as Ponte (2002) puts it, “overcapitalization and increasing costs could not be matched by financial returns.”

The implementation of the transformation approach intensified following the Arusha Declaration in 1967. This declaration invoked massive nationalization of the major means of production, rapid expansion of the public sector, and the state domination of economic planning and commercial activities. The *Ujamaa* (communal family hood) village programme was introduced, where smallholders were exhorted to form *ujamaa* villages, a process followed by a more coercive villagization scheme in 1974 (Bank of Tanzania, 1983). These programmes and policies initially aimed to improve productivity, but largely disrupted productivity rather than supported its increase. They involved displacement of private traders by *ujamaa* shops and government trading agencies, which marked the beginning of scarcity of essential incentive goods and deterioration of rural–urban terms of trade. Government control of the rural population and its productive activities reduced incentives for innovation and autonomous development initiatives by farmers and progressive cooperatives. The dissolution of cooperative unions in 1976 and the establishment of politically inspired primary cooperative societies alongside village governance structures were major factors that disrupted production of crops under well-established cooperative systems such as coffee and cotton.

The industrialization strategy of the 1970s and 1980s was also responsible for declining export crop production. Wangwe (1983) shows that the influence of both foreign aid and incentives within internal institutions biased the allocation of foreign exchange in favour of manufacturing capacity expansion at the expense of capacity utilization. The effect of this bias was a decline in manufacturing growth despite massive investments in that sector. This bias affected agriculture by lowering the allocation of foreign exchange for investment in agriculture, and also by constraining the supply of manufactured goods

needed by crop producers. Wuyts (1994) argued that the state-led and aid-driven import industrialization strategy changed the balance between food and cash crops in favour of the former, which led to the fall in output of export crops by peasants. The decline in output of export crops constrained the supply of foreign exchange needed for imports of consumer goods and intermediate goods for the manufacturing industries. The inflationary pressure and scarcity that emerged from this process further constrained peasantry production of export crops. A shift of focus towards industrial development driven by the basic industrialization strategy formulated in 1974 also meant that increased demand for importation of capital goods and raw materials reduced foreign exchange available for agricultural investment. This added to the urban-biased allocation of surplus for industrial investment and infrastructure development, further undermining agricultural productivity and perpetuating disintegrated smallholder production.

Various economic reforms were implemented from the mid-1980s, including liberalization of trade and removal of market monopolies of crop authorities. Productivity and quality of output, however, has continued to limit significant and sustained increase in agricultural output growth. Tanzanian agriculture remains characterized by low productivity of labour as well as productivity of land (United Republic of Tanzania, 2005). Productivity of the smallholders, for example, is found to be much lower when compared with productivity of large-scale commercial farmers. Table 6.2 compares yield rates for selected crops between smallholders and large-scale farms. It shows that for most crops, the yield rates of smallholders are much below those of large-scale farmers.

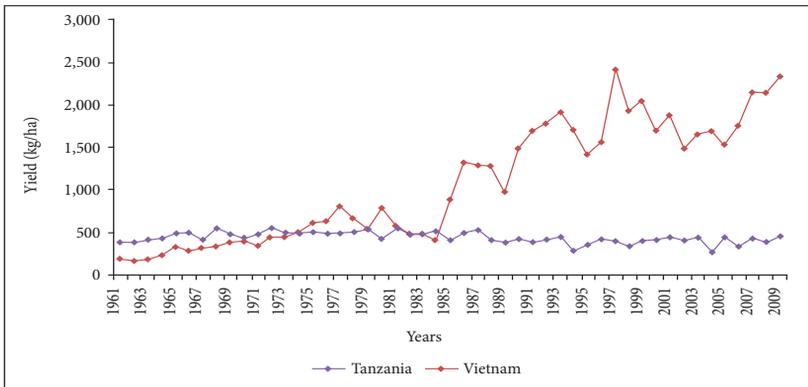
**Table 6.2: Comparison of Yields (Tonnes Per Hectare) Between Smallholders and Large-Scale Farmers, 2002/03**

Crop	Smallholders	Large-scale farmers
Banana	6.9	15.8
Coffee	0.4	1.5
Mango	10.5	81.54
Pigeon pea	0.4	2.33
Oranges	8.6	32.23
Palm Oil	19.7	35.77
Maize	0.73	4
Sorghum	0.43	2.7

Source: National Bureau of Statistics (2006), National Sample Census of Agriculture 2002/2003.

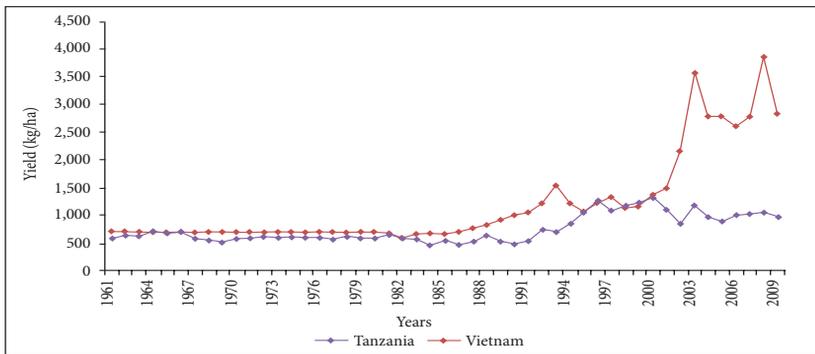
The lag in productivity and the potential for higher productivity is also evident when comparing the yield rates for coffee and cashew between Tanzania and Vietnam. As shown in Figure 6.3, coffee yields for Tanzania were higher than those of Vietnam between 1961 and 1973, but since then, Vietnam’s yields have increased rapidly while those of Tanzania have stagnated. Similarly, Figure 6.4 shows that Vietnam has raised its cashew yield very dramatically since the mid-1980s, while Tanzania recorded only a modest increase in yields during the 1990s.

**Figure 6.2: Comparison of Coffee Yields for Tanzania and Vietnam, 1961-2009**



Source: Food and Agricultural Organization, 2008, 2011.

**Figure 6.3: Comparison of Cashew Yields for Tanzania and Vietnam, 1961-2009**



Source: Food and Agricultural Organization, 2008, 2011.

The problems of low output growth and low productivity are compounded by another problem of output quality, an important determinant of the value of agricultural output, especially so in the contemporary global markets dictated by standards and quality demands from increasingly powerful buyers. Markets have tended to pay premium prices for high quality products, and the reverse is true for commodities perceived to be of low quality. Producers receiving low prices reduce intensification, such as the use of modern inputs, further depressing productivity and quality of output.

As the various time series data suggest, the expected impact of trade liberalization in agriculture has not been as significant as earlier anticipated. The UNCTAD report indicated that the value of agricultural production in SSA remained stable between 1995 and 2000, and the nominal value of its agricultural exports declined slightly, with a modest increase in 2006 (United Nations, 2008). This increase was much smaller compared to significant increases in the value of agricultural exports from Latin America and East and South-East Asia. A number of factors have been brought forward to explain why trade liberalization did not produce significant change in African agriculture. One factor often cited is limited investment in agriculture, which has kept productivity generally low. In the UNCTAD report, for example, it was argued that the main factors that contributed to strong performance in some countries were beyond trade liberalization, mainly the huge government investments made to agricultural sectors and efforts to improve quality and productivity of crops.

The Poverty and Human Development Report 2005 also outlined other constraints to smallholder production, including limited education and skills and low access and use of improved inputs. The post-liberalization removal of input subsidies accompanied by the collapse of the credit system under cooperatives, lack of appropriate and sufficient extension services, and market failures in the distribution of inputs in remote rural areas are significant bottlenecks to smallholder agriculture. The financial sector reforms were expected to deepen financial markets in both urban and rural areas, but the proliferation of commercial banks that followed reforms concentrated in urban centres and has not addressed credit constraints in agriculture, particularly for smallholders. According to Finscope survey of 2013, only 6.8% of adults have access to formal bank services in rural areas, and 34.4% are still excluded from financial services (FSDT, 2014).

In June 2009, the government of Tanzania adapted *Kilimo Kwanza*, meaning “Agriculture First” as a priority policy framework. It provided a blue print for integrating agriculture development into the government development agenda and implementation machinery. It was an ambitious policy agenda aimed at modernizing and commercializing agriculture for peasants, as well as small, medium and large-scale producers. Built around ten pillars that touch every aspect of agriculture, it has remained somewhat ambivalent, without clarity on whether the emphasis should practically be placed on developing a competitive sector through improvement of smallholder-based production, or through large-scale plantation-based production. NAIVS, also initiated in 2008, aimed at improving access and adoption of critical agricultural inputs in order to boost food production and reduce pressure on prices of food staples, thereby increasing incomes and bolstering food security. A survey of NAIVS carried out in 2013 showed that, indeed, input voucher beneficiaries produced more maize yields per cultivated area. However, the scheme would require a review of its systems to improve its targeting and outcomes, and its fiscal sustainability was also a major concern (REPOA, 2014). New initiatives such as the Southern Agricultural Growth Corridor of Tanzania (SAGCOT) have been launched, aiming to revitalize efforts of the state and non-state actors towards a dynamic and competitive agricultural sector. While it is too early to assess the long term outcome or impact of these recent policy initiatives, it can well be argued that developing a competitive agricultural sector driven by smallholders requires a systematic and institutionalized approach to eliminate constraints that have continued to prevent smallholders from increasing the productivity and quality of their output. A suitable approach to alleviate such constraints requires proactive and collective actions of market and non-market institutions, customized to suit different historical, geographical and market contexts. These are briefly examined as drawn from the different case studies in the next section.

### **The Need for Institutional Innovation and Agricultural Policy Reform**

The preceding discussion of policy shifts and dismal outcomes on productivity, output and agricultural export performance suggests that a new approach to promoting productivity and export competitiveness of smallholder based agriculture must be premised on effective organization and coordination of agricultural production to address key constraints.

The analysis of the drivers of productivity and competitiveness of export crop production can only be complete when the binding constraints are well understood, along with the institutional context within which such constraints are to be mediated. Thus the framework of agricultural development, beyond focus on trade liberalization and market reforms must be built around conscious actions of market and non-market institutions to mediate binding constraints and market failures, using a variety of institutional and organizational innovations. This proposition is supported by evidence from three case studies in coffee, sugarcane, and cashew production.

### Coffee Production

In Tanzania, coffee production is concentrated in the northern zone, the southern highlands zone, and the western lake zone. Mild Arabica, which constituted 64% of the coffee crop in the 2009/10 crop year, is grown in the northern and southern highland zones. In coffee production, cooperative institutions were central for integrating production and marketing of smallholder coffee. In the Mild Arabica-producing area of Kilimanjaro, the Kilimanjaro Native Cooperative Union (KNCU) played a leading role in promoting high quality coffee production. The KNCU strove to expand coffee production by providing extension support to its members, providing physical input credits through Primary Cooperative Societies (PCSs) and providing cash for crop purchase at the beginning of a season. This process was easily coordinated under the cooperative monopoly, which helped PCSs to recover input credits from coffee proceeds. In a bid to improve coffee quality, the KNCU supported its members to invest in Coffee Processing Units (CPUs), known also as wet mills for pulping coffee, and in quality control at the primary level through centralized pulping and stringent quality control during parchment collection. In 1935, the KNCU established the first coffee curing mill in Moshi, the Tanganyika Coffee Curing Company Limited (TCCCO).<sup>6</sup> Investment in both centralized primary processing and secondary processing contributed to the high quality of Mild Arabica coffee exported from Tanzania. These investments were maintained after independence in 1961.

Since coffee is largely branded and consumed in industrialized countries, global market dynamics have an important bearing on the

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6 This factory was nationalized in 1971 under Act. No. 3 and re-granted in 1988 under Act No. 12 (See United Republic of Tanzania, 1971 and United Republic of Tanzania, 1988).

producing countries. These dynamics emanate largely from changes in the regulatory framework of the coffee trade, including the collapse of the International Coffee Agreements (ICA) quota system in 1989 (Brandt, 1991; Ponte, 2002; Oxfam International, 2002), and technological innovations in coffee roasting and blending, which enabled coffee roasters to adjust their blending such that there is more use of lower cost coffee, mostly Hard Arabica and Robusta (Mwandha *et al.*, 1985; Oxfam International, 2002; Ponte, 2002). This flexibility and substitutability at the downstream end of the value chain has translated into declining prices for Arabica coffee in the upstream, particularly for Arabica of low quality. In addition, the increase in coffee supply from both traditional producers such as Brazil and the newly emerged producer, Vietnam, has affected the Tanzanian coffee industry. In 1980, Vietnam produced only 5.3 thousand tonnes, as compared to Tanzania's 66.4 thousand tonnes in the same year. By 2013, Vietnam produced 1.4 million tonnes, while Tanzania produced only 71 million (Food and Agriculture Organization 2016).

As these changes were occurring in production, new niche markets for high quality coffee also emerged. The emergence of these niche markets were accompanied by the emergence of trade movements, notably Fair Trade.<sup>(7)</sup> According to Bacon (2005) the specialty coffee market was growing at 5–10% annually, with its share accounting for 17% of US coffee imports by volume and 40% of retail market value. These dynamics have led to the bifurcation of coffee markets into mainstream markets on the one hand and differentiated niche markets on the other. However, the response of producers in Tanzania and their institutions was not reflective of these global dynamics. As a result, they were stuck in a middle position without strategies to compete in either market segment. Tanzania was trapped into supplying low quality Mild Arabica, which was easily squeezed out by high quality Robusta and gave it no advantage over other Mild Arabica suppliers.

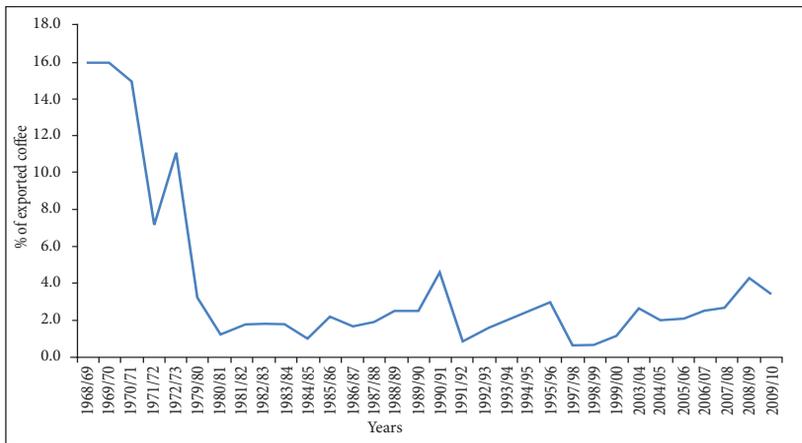
At the same time, the institutional landscape underpinning coffee production and marketing in Tanzania was also evolving, which together with the global market dynamics undermined the quality and eventually price and output of Tanzanian coffee. This is demonstrated by the trends

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7 Fair Trade is a movement of activists, particularly from the North, using market-based strategies when working with producers, laborers, and other impoverished sectors in the South. The objectives of Fair Trade revolve around promoting the well-being of producers through expanded access to markets, better prices, sound environmental practices, and economic security. It is coordinated by the Fair Trade Labeling Organization International (FLO). For details, see Murray and Reynolds (2007).

in coffee quality presented in Figure 6.5, which shows dramatic decline in quality coffee, as measured by the share of exported coffee from Tanzania in the top grades of 1–5. It is also clear that the production of high quality coffee in Tanzania has declined dramatically and remained low over the last 30 years. A sharp deterioration in quality observed in the early 1970s is attributed to two factors, namely the government interventionist policies and futile measures to control the activities of cooperatives, and the nationalization of coffee estates.

**Figure 6.4: Trend in the Share of Coffee Exported in Grades 1–5, 1968–2009**



Sources: Ponte (2001) Table 10, pp. 37 (1968/69–1999/00) and author’s computations from Tanzania Coffee Board data (2000/01–2009/10).

Soon after independence, the government found it imperative to spread the cooperative model of production to other parts of the country. However, this process was politically motivated and was implemented without regard to economic grounds for an effective collective model of cooperative production, leading to losses and failures (Hydén, 1974; Maghimbi, 2010). The move coincided with other state initiatives aiming to expand agricultural output and productivity through the improvement and transformation programmes discussed earlier. Although the forced relocation and resettlement of farmers as part of the 1974 villagization programme did not take place in the coffee-growing areas, the imposition of village governance structures combined with the abolition of cooperative unions in 1976 disrupted the functions of already established PCSs as each village was registered as a cooperative society. Following these institutional changes, the system of central primary

processing using wet mills and a quality control system in procurement of parchment coffee collapsed. The Tanzania Coffee Authority (TCA) was not effective in carrying out all of the activities previously carried out by cooperatives, including the provision of essential agricultural services. Its lack of autonomy from the government and the multiplicity of its tasks, ranging from regulation, production, and processing, to the marketing of coffee, rendered it ineffective and inefficient.

The nationalization of coffee estates in 1973 reduced the contribution of estate coffee. Since the quality of privately managed estate coffee was higher than the coffee quality from smallholders, the decline in the share of estate coffee after nationalization also contributed to the decline in Tanzania's coffee quality. This situation did not improve after trade liberalization in the second half of the 1980s. Multiple channels for selling coffee were introduced, although at the export level the Coffee Board remained responsible for operating the coffee auction.

Nevertheless, trade liberalization neither addressed the quality problem, nor raised output. Private traders focused on volume, in the process debasing the overall coffee quality, and the growers continued to use home-based hand pulps for primary processing.

For the Mild Arabica coffee market, quality is a central aspect of competitive advantage. Recent innovative solutions, designed and experimented by intermediary institutions, have contributed to the modest improvement in coffee quality observed during the 2000s. These innovations include reintroduction of CPUs in primary coffee processing among coffee growers implemented by a network of smallholder coffee growers, the Association of Kilimanjaro Specialty Coffee Growers (AKSCG) established in 2001; market linkage brokered by Techno Serve; and the financing arrangement under the KILICAFE credit linkage. These combined initiatives have contributed to an increase in the share of high quality coffee supplied by smallholders. Evidence is provided by the increase in the share of coffee exported directly by smallholder intermediaries as shown in Table 6.3. Over the five crop years since then, direct coffee sales from intermediaries of smallholders have increased substantially, even though direct export coffee represented just 12% of the total amount of Mild Arabica exported during the 2009/10 crop season.

**Table 6.3: Direct Exports of Coffee by Category of Exporter, 2004/05 and 2009/10**

Category of exporter	2004/05		2009/10	
	Kgs	%	Kgs	%
Intermediaries of smallholders	208,620	7.6	1,328,322	32.6
Estates and private traders	2,531,081	92.4	2,745,647	67.4
Total	2,739,701	100.0	4,073,969	100.0

Source: Tanzania Coffee Board; author's computations.

The central point from this case study is that the notion of the state's institutional role of control that characterized development management in the 1970s and early 1980s missed the enabling role of institutions in structuring market interactions to foster competitiveness. At the same time, the liberalization policy of the late 1980s and early 1990s was implemented based on a static notion of comparative advantage, largely ignoring the influence of technology, market dynamics, and the role of intermediary institutions in helping coffee producers to create and sustain competitive advantages.

### Sugarcane Production

Although Tanzanian sugar production is carried out by large-scale vacuum pan mills in Kilombero, Mtibwa, Kagera and Kilimanjaro, production of sugarcane is carried out by both nucleus estates and outgrowers. The majority of sugarcane producing outgrowers in Tanzania are smallholders, operating mainly in the Kilombero and Mtibwa valleys. The sugar industry is important within the agricultural sector, employing between 14,000 and 15,000 people directly in the producing companies and other organizations, and about 66,000 people in cane production and secondary activities. Between 1998, when privatization of mills took place, and 2006, the total area under cane production by outgrowers increased dramatically, from 7,148 hectares to 22,216 hectares. As at August 2013, there were 21,678 outgrowers growing cane on a total of 25,371 hectares in the two areas. And between 1995/96 and 2008/09, outgrowers in Kilombero increased their share of cane from 30% to 39% in 2013. In Mtibwa, however, the share of outgrowers cane declined from 57% in 1995/96 to 19% by 2013. As will be seen in the subsequent discussion, different elements of institutional arrangements explain this performance difference.

As in many other sugar producing countries, cross-border trade of sugar has operated within a framework of state regulation and international agreements, which compartmentalized the sugar market between free market sugar on the one hand, and protected sugar on the other (see International Sugar Organization, 2008; Hagelbert & Hannah, 1994; Abbot, 1990; and World Development Movement, 1980). The sugar industry reforms in the EU and in the global sugar industry, however, have now exposed Tanzanian sugar producers to intense competition for markets, creating the need for raising productivity and efficiency in the sugar value chain. The Sugar Board of Tanzania (SBT) estimates current domestic sugar demand at 590,000 metric tonnes, against domestic production of 299,000 metric tonnes by all local sugar mills. The deficit is currently covered by sugar imports, often at a cheaper price, exerting more pressure on efficiency by domestic producers.

The nature of production by smallholders and the strategy of coordination, however, do not lend themselves to raising productivity and market competitiveness. Production at farm level by outgrowers is fragmented, and land ownership is based on traditional customary rights, which grant landholders the right of use of land in accordance to their preferences and needs. The practice of cane husbandry, while organized through outgrower associations, is thus influenced by the growers' individual choices to intercrop cane, paddy and maize, with a tendency to switch between crops in different periods. These practices prevent growers from engaging in farming arrangements that could pave the way to economies of scale that would lower unit production costs and raise productivity. Use of improved farm inputs is also very low, resulting in low yields and uneven production within the same geographical areas. This makes logistical costs for harvesting and transportation of cane costly and more difficult to manage.

Transactions between the mills and the outgrowers are coordinated through outgrower intermediaries, which emerged from the need for collective bargaining as the number of outgrowers grew over time in the early 1990s. Kilombero Cane Growers Association (KCGA) and Ruembe Outgrowers Association (ROA) were formed to serve growers in Kilombero, while Mtibwa Outgrowers Association (MOA) was formed to serve growers in Mtibwa. The principal activities of these associations are to negotiate the terms of business between outgrowers and millers, and to provide essential agricultural services to their outgrowers. These intermediary institutions enabled outgrowers to negotiate and to engage collectively with millers, reducing transaction costs for both parties.

Transactions between them are presently governed by a Cane Supply Agreement (CSA). The collective efforts of these intermediary institutions and SBT orchestrated the eventual adoption of CSAs in Kilombero since 2006. In Mtibwa, however, the miller signed the first CSA in 2009, after years of annual cycles of precarious pre-harvest negotiations on prices, quantity and quality of cane. These CSAs provide more stable market relations, detailing a method of price determination that takes into account the relative costs of production between growers and sugar processors. These intermediary institutions have also managed to advocate for reduction and removal of multiple taxes and levies assessed at various nodes along the value chain that reduced growers' income.

Additional complimentary non-market coordination through these intermediary organizations is an experiment to provide seasonal credits to outgrowers using the CSAs as a basis against which financial institutions participate. This experiment was first implemented during the 2007/8 crop season in Kilombero, as growers faced mounting difficulties in tending to their fields. This arrangement circumvented traditional barriers of collateral and complex application procedures, aligning certain interests of market and non-market institutions. It is based on a tripartite agreement between KSC, the two associations of KCGA and ROA, and two financial institutions, the National Microfinance Bank (NMB) and CRDB Microfinance Limited. This arrangement, however, did not resolve all problems related to agricultural loans. Loan amounts remained inadequate relative to investment requirements at farm level. Interest rates remained high, charged above 15% which is above the estimated return from cane farming of 10%.<sup>(8)</sup> In addition, the financing of common costs such as maintenance of infrastructure remained problematic.

Thus, outgrower intermediaries are important vehicles for providing vertical and complimentary focal coordination, in effect reducing transaction costs and brokering access to essential agricultural services. This coordination, however, falls short of mediating uncertainty related to the timing and reliability of supply, and sustainability of the current production system. A crucial element is the difficulty in transforming the system of primary production by outgrowers to raise productivity through horizontal coordination. Two factors limit the combination of vertical and horizontal coordination in Tanzania, hence constraining increases in productivity of outgrowers. First, the Tanzanian land tenure regime makes it difficult for outgrowers to pool their land voluntarily

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8 The rate of return on cane growing was computed by the Outgrowers Support Unit of Kilombero Sugar Company and verified by the author.

into block farms. The majority of growers find it difficult to give up individual decision rights for collective management of production. The customary attachment to land and lack of trust between outgrowers are major obstacles, as growers tend to resist proposals for block farming. The second constraining factor is the capacity of outgrower associations to provide essential services in their current structure. Management of harvesting operations have been problematic, attributed to the limited managerial capacity and conflicts of interests within associations' management. Failures by ineffective transporters and poor management of harvesting schedules raised a lot of discontent among growers as they created delays in cane harvesting and delivery that caused losses. Many outgrowers resorted to forming new associations in order to exercise control over their own cane harvesting and to negotiate with millers. But the spontaneous split of these associations, seen as a response to their failures complicated logistics even further, as the new associations were not necessarily formed along defined geographical boundaries. Following the rushed split of the associations, each association individually started to negotiate their CSAs, which undermined the bargaining position of outgrowers.

By August 2013, the number of registered associations had grown from two to eleven in Kilombero. In Mtibwa, each of the two intermediaries signed separate CSAs with the miller under different terms and conditions. In Kilombero, the old associations were reluctant to cooperate formally with the newly formed associations. At the same time, the miller was not in favour of dealing with multiple associations to reduce transaction costs. Thus, the newly established associations had no formal CSA. Without the formal agreement, the associations failed to guarantee loans to their members. The organizational weaknesses of these grower intermediaries are compounded when sugar milling firms are unwilling to support outgrowers, a problem particularly noted in Mtibwa, leading to a dramatic decline in outgrower share of cane supply. Cane output from outgrowers in Mtibwa declined dramatically, yield rates have remained low, and cane fields have been deteriorating rapidly. Average yield rates in Mtibwa have also fallen dramatically when compared to levels at the beginning of privatization. For both cases, productivity is lower for outgrowers than it is for the estates due to differences in farming practices.

Evidence of successful production organization involving both vertical and horizontal coordination is drawn from Dwangwa in Malawi. The Dwangwa Cane Growers Trust (DCGT) was formed as an autonomous entity to assume development roles on behalf of

outgrowers. The smallholders' lands, which average 2.5 hectares per grower, were pooled into blocks of 40 hectares registered under titles held by the Trust. The Dwangwa Cane Growers Limited (DCGL), a professional management company owned by cane growers and employees of the defunct Smallholder Sugarcane Authority, carries out daily management of field operations and manages transactions with the milling company on behalf of the outgrowers. The company provides labour and machinery for activities that benefit from economies of scale, such as land preparation, and manages a large irrigation scheme financed under a long term loan guaranteed by the Government. The loan was made possible by the economies of scale generated through land pooling by small growers. As of 2009, 85% of the 1,073 hectares harvested by outgrowers in Dwangwa was under irrigation. The subsequent maintenance activities are tended by outgrowers themselves, but the management of DCGL actively ensures that such activities are carried out, and may hire labour to carry out such activities where growers are unable to undertake them on a timely basis. The fields are clearly marked with identification tags on each block, so that outgrowers can identify the boundaries of their plots. The DCGL keeps detailed operational data for each plot, and provides extension services on a regular basis. These costs are not charged directly to outgrowers on an activity-by-activity basis, but through a management fee of 20% that the company retains against cane proceeds.

As a result of this production organization, productivity of outgrowers in Kilombero and Mtibwa as measured by cane yields per hectare lag much below Dwangwa. Table 6.4 compares average yield rates for outgrowers in tonnes per hectare (TCH), showing that cane yields in Dwangwa are much higher than those from the counterpart outgrowers in Kilombero and Mtibwa. Table 6.5 shows that yield rates from Tanzanian outgrowers were nearly half those for the estates, while outgrower yields in Malawi were only less than 10% below that of estates.

**Table 6.4: Average Yield Rates by Different Outgrowers in 2009/10**

Location	Farming type	Yield (TCH)
Dwangwa	Pivot irrigated	140
	Furrow irrigated	115
	Rain fed	70
Kilombero	Rain fed	37
Mtibwa	Rain fed	25

Sources: MOA, ROA, KCGA and DCGL.

**Table 6.5: Indicative Yield Rates in Tch Between Malawi and Tanzania by Type of Producer**

Country	Outgrowers	Estate
Tanzania	40-55	70-100
Malawi	92-105	108-112

Source: International Sugar Organization, 2008.

Kilombero and Mtibwa valleys offer great opportunities for irrigated farming, given the availability of rivers, but heavy upfront costs of irrigation infrastructure pose a major constraint for outgrowers. While the block farming arrangement may increase the dependency of farmers and reduce their flexibility in production decisions, it is a matter of trade-offs and choices between that flexibility and achieving production efficiency and competitiveness. New ways of organizing production are necessary, and in the context of sugarcane and crops with similar production and market characteristics, horizontal coordination is inevitable for sustaining high productivity and competitiveness.

**Cashew Production**

Cashew nut production in Tanzania is also undertaken mainly by the smallholders. The study by Kilama (2013) shows that Tanzania has three times more land than Vietnam and about half its population, with a population density of about 50 people per km<sup>2</sup> compared to more than 250 per km<sup>2</sup> in Vietnam. Both countries are essentially agrarian economies with lowly developed infrastructure, made up predominantly of young people, with a high rural population of around 70% of the total population. Vietnam’s population structure, however, is starting to bulge, with half its population being under 30 years of age, while half of Tanzania’s population is under 20. However, cashew output and productivity have diverged markedly in recent years.

In Tanzania, Ujamaa na Kujitegemea (socialism and self-reliance) was adopted in 1967-1985, with all the major means of production belonging to the state. Not only did the government provide transport, construction and power generation, but it also introduced price controls for both wages and incomes. A resettlement programme was introduced, initially based on voluntary participation, but later based on persuasion and inducement. As shown in Figure 6.4, the programme destabilised the production of traditional cash crops from the mid-1970s, and recovery is yet to be observed to date. Parastatals to take care of crop marketing and banking were formed, but were challenged by the lack of raw materials,

inappropriate technology and limited skilled staff. Instead of assisting in enhancing production, these parastatals ended up derailing the economy. For instance, cashew processing plants installed in Mtwara were capital intensive, thus costly to run and maintain. Capacity was installed, but was hardly utilised, especially between 1966 and 1980.

The divergence between the cashew industry in Tanzania and Vietnam is explained by many factors, including investments. Investment in cashew is a continuous process and the availability of credit is crucial. Cashew productivity depends primarily on structural factors. For producers, price is the most important factor influencing their decisions. The study showed that small-scale farmers in Tanzania have land plots of about 7 ha, while medium-sized farmers have 10 ha and large-scale farmers have more than twice the amount of land of the medium-scale farmers. However, the large-scale farmers in terms of numbers of trees (668) in Tanzania are the small-scale ones (617) in Vietnam. Yet large-scale farmers in Vietnam have less land (11 ha) than large-scale farmers in Tanzania (25 ha). Labour to attend the farm derives from the household and in part from contract labour. Output per tree in both countries ranges between 4kg and 8kg. Farmers in Tanzania generally have a tree density of about 30 tree per hectare, while in Vietnam density ranges from 150 to 250 trees per hectare. Trees in Tanzania are about 30 years old and tend to be of the big variety, while those in Vietnam are of the small variety, which makes it possible to attend them with tools. Note that cultivation of cashew in Tanzania started in the 1940s, while in Vietnam it started in the mid-1980s. Farmers in Tanzania lack tools, unlike their Vietnamese counterparts, making farmers in Tanzania use more labour to attend their farms. There is higher yield in Vietnam (more than 1000kg per hectare) than in Tanzania (less than 200kg per hectare).

Farmers who run out of money before the start of the trading season in Tanzania resort to sub-optimal trading options, like *Kangomba*<sup>9</sup> and foregoing inputs, worsening in bad seasons. Farmers with good harvests, however, sell their produce through formalized legal channels. By selling through these channels in the Warehouse Receipt System, farmers are assured of receiving better rewards in terms of both revenue and inputs. The discrepancy in yield reflects the failure and/or resistance to change among innovators and adopters.

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9 In *kangomba*, the traders set the price of cashew per kilo. Traders, especially large-scale farmers, place a set of weighing scales in front of their house to indicate that they are buying cashew. By selling through *kangomba*, farmers get paid the full cash price on the spot. Though *kangomba* is illegal and the amount paid is less than that offered by the official primary society, farmers with a pressing need for cash have no alternative.

There is room for expansion in cashew production in Tanzania, but this depends on the availability of credit and flexibility in the research institutions and the other coordinating bodies in the sector. Survey data show that credit in Vietnam is provided through government-initiated poverty-alleviation programmes and private banks. Tanzania lacks a clear provider of credit and farmers mainly depend on their earnings from cashew sales as their (sole) source of credit. The erratic trends in production in Tanzania, it is argued, are due to the numerous reversals in policies, with the peasant always being treated as a residual on the margin and without flexibility. Marketing in Tanzania has resulted in low-quality produce and low prices.

Vietnam looks at policy holistically and differently from the Tanzanian state and has seen improvements in production, productivity and the well-being of its citizens. Seeing the free market working in Vietnam, this case shows that the state institutions can and should act as a catalyst to enhance the entire sector through adaptive efficiency. Freedom of choice for farmers provides alternative product markets, creating a credible threat to processors who must remain competitive. The involvement of the state with the inclusion of a single monopolistic player and the exclusion of the others restricts expansion of the entire sector, as is the case in Tanzania. Vietnam shows that markets that are strategically supported by the state tend to perform better. Cashew is more a cash crop by name or default in Tanzania as growers do not seem to be in control of their own efforts. Residual payments to farmers in Tanzania discourage an effective or efficient reduction in the transaction costs associated with marketing. A strong state with a strategic industrial policy provides a favourable environment for the private sector to operate in and allows adaptation to new environments in a sustainable manner.

The support system for cashew in Tanzania faces challenges, especially regarding resources and insufficient and aging staff. The inability to create a strong private sector forces the support system to act defensively and provides little to no room for manoeuvre with regard to the provision of inputs. Vietnamese relational contracting is an example of vertical integration/backward linkage. It shows that scale matters, and that the “presence of aggressive private sector suppliers of improved inputs or shifts in relative prices, or changes in access of farmers to local market and inputs – all of which would affect the expected returns from new technology” may explain the differences in productivity (Bindlish & Evenson, 1993, as cited in Tendler, 1997: 99).

The hold-up problem is solved in Vietnam by farmers having an alternative crop, namely rubber, which is a credible threat for processors

who badly need domestically grown raw cashew. The case of cashew in Vietnam represents a reputation game in game theory. The findings and lessons that explain the divergence in yield point to market coordination. The role of the state, the set-up of the support system, availability of improved seedlings and markets, access to credit and infrastructure are all factors that influence the variations observed.

Farmers make rational choices of what to produce, how and when to produce and by how much. Insufficient derived demand of produce aggravates the decisions made by farmers. During tough times, farmers abandon part of their farms. Without assured markets, farmers hesitate to increase their output and utilize better improved inputs (both seeds and pesticides). The nonexistence of processing capacity saw Tanzania continue to be a net exporter of raw cashew, reducing significantly the competitiveness of the sector. On the other hand, Vietnam, through strategic industrial policy, made both the peasantry and processors productive and competitive. According to GSO and FAO, the cashew sector brings to Vietnam at least a billion dollars annually since 2008 (FAO STAT 2016; General Statistics Office Vietnam 2011).

Given the evidence from Vietnam, Tanzania needs to provide economic freedom to farmers to solve the sunk cost fallacy.<sup>(10)</sup> Additionally, Tanzania will benefit from evaluating, experimenting and learning from different failures, rather than adopting new initiatives all the time and repeatedly arranging marketing while farmers are continuously left in the margins. Efforts need to be directed towards the smooth co-existence of all actors with the producers (farmers and processors) at the centre of decision making. The balance of the value chain needs to be enhanced.

## Conclusion

The evolution of agricultural policy in Tanzania has shown that lack of policy coherence and unpredictable state interventions that adversely affected the efficiency of the value chain have led to declined productivity and competitiveness within the sector, particularly for smallholders. State and market institutions must aim for collective actions to solving coordination problems and public sector investments to enhance production efficiency and to raise productivity. Institutional innovations are needed to promote effective value chains that link production and markets, and to address bottlenecks peculiar to the specific crops.

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10 In this situation, farmers continue to invest in cashew, even with falling rewards, as this is their primary source of revenue.

## **Service Delivery Indicators: Let's Talk about Quality in Tanzania**

**Lucas Katera, Jamal Msami and Waly Wane**

### **Introduction**

The onset of REPOA's existence in the mid-1990s coincided with changes in the wider policy environment. Significant directional shifts in the political and economic sphere occurred that have informed the focus of our research. The 1990s were characterized by economic hardships and gradual liberalization of polity, which fanned the requirements for the alignment of societal problems with policy solutions. This period saw the domination of national policy by public service reform, focusing on structural adjustment, capacity building, and service improvement. Owing to sequential implementation of reforms, the service delivery agenda was forced to wait until the early 2000s for other component reforms to first take shape, for prioritization in policy. Service delivery was further boosted by the promulgation of the National Development Vision 2025 and the Millennium Development Goals in 2000. The two defined development priorities and implementation milestones, anchoring decision making for more than two decades now.

Over the last two decades, Tanzania has made steady progress in human development outcomes. Improvement in its HDI has been mainly driven by better life expectancy and education scores. As a matter of fact, primary completion rate has sharply increased from 55% in 2000 to 80% as of 2012; gender equality has also been achieved in primary education and girls are catching up fast in secondary although they still lag behind. In the health sector, the under-5 mortality rate has also substantially decreased from 147 out of 1,000 live births in 1999 to 81 deaths in 2010. This decrease has also contributed to a longer life expectancy at birth, which rose from 51 years in 2002 to 61 years in 2012.

Despite these good results, the recent 2014 AfroBarometer results show that the share of Tanzanians with a positive perception of the education and health services provided to them has been steadily dwindling since 2005. In 2014, only 51% of Tanzanian said that the

government was handling their educational needs well or fairly well. This is down from 78% in 2008 and 85% in 2005. This picture is similar for the health sector which stood at 46% of positive perception in 2014, down from 63% in 2008 and 70% in 2005 (Afrobarometer Survey, 2014).

Do the citizens know something the government doesn't? Do they know something that we don't? A closer look shows that there seems to be serious quality issues in Tanzania's social sectors that explain the negative trend in citizen perception of service delivery. According to the recent 2012 Uwezo report, only 20% of standard-4 children passed the standard 2 English test (45% for mathematics). In health, the shrinking of under-5 mortality largely credited to vertical programmes such as bed-net distribution did not translate to system-related indicators such as the maternal mortality ratio or neo-natal mortality, none of which registered significant progress.

These disappointing results are most likely related to the quality of service delivery. To date, there is no robust, standardized set of indicators to measure the quality of services as experienced by the citizen in Africa. Existing indicators generally rely on subjective responses, clouding the accuracy, validity and reliability of their measure. Further, they tend to be fragmented and focus either on final outcomes or inputs, rather than on the underlying systems that help generate the outcomes or make use of the inputs. They are consequently better at gauging outcomes, particularly service access and use, and are thus of limited utility in troubleshooting service design. In fact, prior to 2010 there were no indicators available in Tanzania for measuring constraints associated with service delivery and the behaviour of frontline providers, both of which have a direct impact on the quality of services that citizens are able to access.

In 2010, REPOA teamed up with the World Bank and the African Economic Research Consortium (AERC) to address shortcomings in assessing service delivery. The result was the development of the Service Delivery Indicators (SDI), first piloted in Tanzania and Senegal in 2010 and later expanded to seven other countries in Africa. The SDI utilizes a simple but robust framework that sees service quality as dependent on three key variables: availability of key inputs, provider effort and provider competence. Our approach has inspired the work of other policy research institutions in Tanzania. Examples include TEN/MET and TWAVEZA's assessment of basic literacy and numeracy among 5-16 year olds, and IHI's Service Availability and Readiness Assessment (SARA) in 2012. REPOA conducted a second round SDI assessment of the health and education sectors in 2014.

This chapter celebrates REPOA's latest contribution to service delivery policy in Tanzania, using SDI data for both the health and education sectors and across time. It introduces the SDI, shows the results for education and health, contextualizes the current SDI scores, and evaluates the meaning of quality of service delivery for Tanzania's future.

### **The Service Delivery Indicators<sup>(11)</sup>**

The primary objective of the SDI is to gauge the quality of service delivery in primary education and basic health services. Using a standardized methodology for Tanzania and the rest of Africa, the indicators enable policymakers and service providers to identify gaps and to track progress within and across countries over time. It is envisaged that the broad availability, high public awareness and a persistent focus on the indicators will mobilize policymakers, citizens, service providers, donors and other stakeholders into action. The ultimate goal is to increase accountability for improved quality of services to the ultimate end of improving human development outcomes.

The perspective adopted by the SDI is that of citizens accessing a service. The SDI can be viewed as a service delivery report card on education and health care. Unlike citizen perceptions to assess performance, however, the SDI are quantitative. The SDI build on the global knowledge acquired from the Public Expenditure Tracking Survey (PETS), the Quantitative Service Delivery Survey (QSDS), the Staff Absence Survey (SAS), and observational studies which have proven to be powerful tools for identifying bottlenecks, inefficiencies, and other problems in service delivery. It uses modules from all these surveys to build an instrument that can collect reliable data from a single point: the frontline service providers.

PETS track public resources from the budget to the intended end-users through the administrative structure, to ascertain the extent to which the actual spending on services is consistent with budget allocations. REPOA has, over the last two decades, played a key role in PETS assessments in Tanzania. Our 2004 PETS of primary education development helped simplify the disbursement of Capitation Grants in PEDP I-III.

QSDS examine inputs, outputs, and incentives at the facility level, as well as provider behaviour, to assess performance and efficiency of service delivery. REPOA conducts various independent QSDS, for example the 2005 Policy and Service Satisfaction Survey (PSSS), the 2007 and 2012 Views of the People Surveys, the Afrobarometer Surveys

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11 This section draws heavily on Bold *et al.* (2011).

(2001-present), *etc.* These have at various times informed progress on development policy, directly influencing stakeholder strategy and action. Notable influences include the National Anti-Corruption Strategy and Action Plans and the Open Government Partnership (OGP) process.

SAS focus on the availability of teachers and health practitioners on the frontline and identify problems with their incentives. Observational studies aim to measure the quality of services, proxied for by the level of effort exerted by service providers.

Successive results from our QSDS emphasize the need to qualify evaluation of outcomes with enhanced understanding of the input and implementation processes. It is often common to hear end-users complaining of professional malpractices and the unavailability of key inputs when describing public service provision. Nonetheless, these tend to be symptoms rather than causes of service performance. It is important that measures to improve public service performance address actual and specific causes of shortcomings. The SDI complements policy by examining the key service inputs of physical and monetary capitals, provider ability (competence), and effort.<sup>(12)</sup>

The specific areas of focus of the SDI are:

- i) **What providers have to work with (availability of key inputs).** These indicators deal with the service delivery environment, including the availability of teaching and medical equipment and supplies and school and health facility infrastructure.
- ii) **What providers do (provider effort).** A minimum requirement for service delivery, for example, is that teachers and health providers are present in the facility and working.
- iii) **What providers know (knowledge and ability).** Teachers need to have at least a minimum level of knowledge of the subjects they are teaching and skills to transform their knowledge into meaningful teaching. Similarly, health providers need to be skilled and competent to manage the conditions they encounter.

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12 Note that this paper focuses on effort at the provider level, although information on government's financing and supervision have been collected. The SDI avoid the need to make strong structural assumptions about the link between inputs, behaviour, and outcomes. It is noteworthy that SDI do not directly measure the incentives and constraints that influence performance, but rather use micro data to measure the outcomes of these incentives and constraints.

Table 7.1 gives the indicators in each of the three categories. More detailed definition and description of the indicators are provided in the annex. Broadly speaking the first category of indicators are “traditional” indicators which are regularly collected and compiled by ministries and are often part of the administrative data apparatus. The last two categories correspond to higher level indicators which are not easily collected on a routine basis.

**Table 7.1: Service Delivery Indicators**

<b>Education</b>	<b>Health</b>
<i>At the school: Inputs and infrastructure</i>	<i>At the clinic: Inputs and infrastructure</i>
Infrastructure (electricity, water, sanitation) Children per classroom Student-teacher ratio Share of students with a textbook	Infrastructure (electricity, water, sanitation) Medical equipment per clinic Stock-outs of drugs
<i>Teachers: Effort</i>	<i>Medical personnel: Effort</i>
Absence rate Time children are in school being taught	Absence rate Clinician average caseload
<i>Teachers: Knowledge</i>	<i>Medical personnel: Knowledge</i>
Share of teachers with minimum knowledge	Diagnostic accuracy in outpatient consultations

## The Quality of Service Delivery in Tanzania

This section discusses the status of Tanzania’s health and education sectors, using results from the 2014 SDI survey. It provides not only a trend analysis using the 2010 SDI results for Tanzania, but also some perspective by comparing Tanzania to its immediate EAC neighbours such as Kenya and Uganda. In addition, quality of service delivery in Tanzania is contrasted with services citizens in West African countries experience.

### Availability of Key Inputs

#### *Health Sector*

In the health sector, quality of care has for long been considered synonymous with access to a health facility or “structural quality”. This has had the effect of aggregating key input indicators such as training

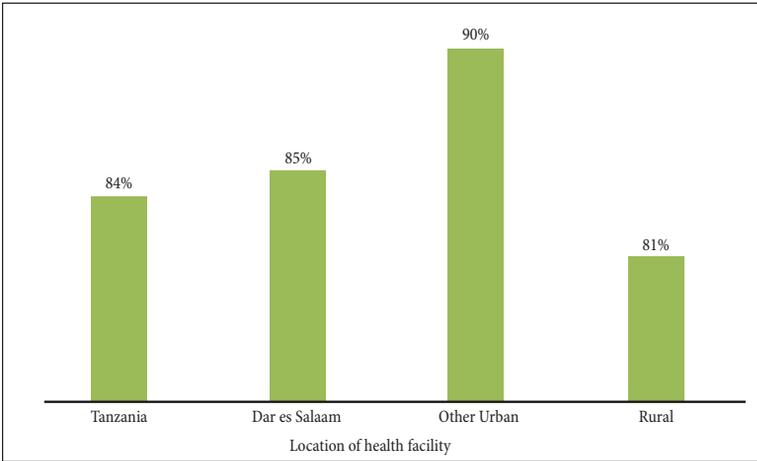
of health workers, or adequacy of equipment, functioning of the cold chain, quality of the infrastructure, drugs stock-outs, *etc.* This section looks at these “traditional” indicators. Dubbing them “traditional” by no means diminishes the importance of these indicators as it is abundantly clear that health workers need to have a minimum of material and equipment that can allow them to test and confirm their hypotheses for their patients’ conditions.

**Minimum equipment:** For any health facility, one would expect a minimum set of equipment to be available, depending on the level of service. For instance a weighing scale (adult, child or infant), a stethoscope, a blood pressure machine or sphygmomanometer and a thermometer are required even for facilities at the bottom of the pyramid. In addition, sterilizing equipment and a refrigerator should be available at health centres and hospitals.

In 2014, more than 4 out of 5 (83%) health facilities met the above mentioned requirements that make up the equipment indicator. Rural health facilities fare the worst with 20% of them missing at least one type of equipment. There is no significant difference in the aggregate equipment indicator between public and private (non-profit) facilities. Although the detail is not shown, sphygmomanometers and sterilization equipment, which are most likely to be in short supply, bring down the score of this indicator. It is noteworthy that almost all health centres and hospitals had a functioning refrigerator.

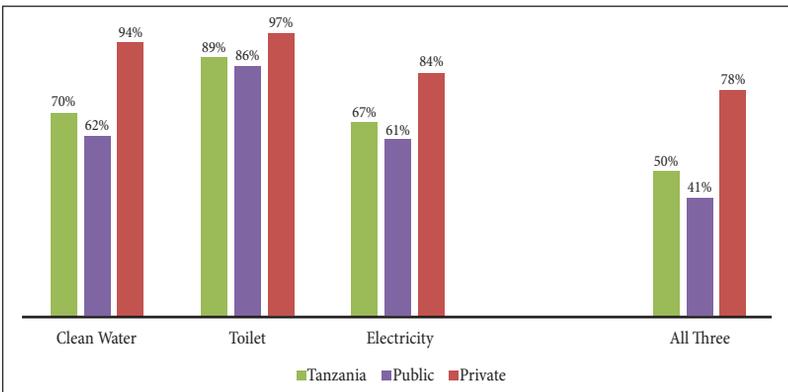
The availability of two additional important pieces of equipment to handle neonates, a bag and mask for resuscitation as well as an instrument to clear upper airways, was also assessed. It turns out that these critical pieces of equipment are not as widespread as they should be in regard to the stubbornly high rate of neonatal mortality in Tanzania. Only 42% of the rural public facilities where women give birth have an instrument to clear the upper airways of a new-born, and 1 out of 3 do not have a bag and mask for neonatal resuscitation.

**Figure 7.1: Availability of Minimum Equipment**



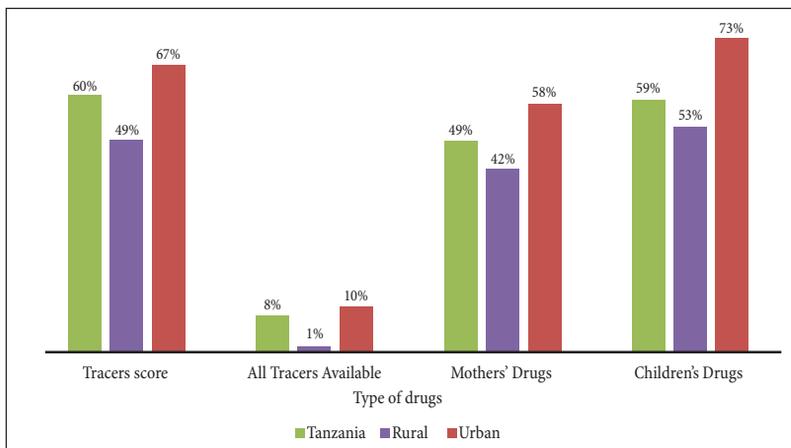
**Infrastructure:** Only half (50%) of the health facilities have access to all three basic but essential infrastructure, which are clean water, improved toilets, and electricity. Private facilities, of which 78% have access to all three infrastructure, significantly outperform public facilities, of which only 41% meet the minimum standard. Less than 1 out of 3 (32%) rural public dispensaries meet the minimum requirement for infrastructure. The infrastructure indicator steadily improves with the level of the facility and starts from 44% for dispensaries to reach 75% for health centres and 87% for district hospitals.

**Figure 7.2: Availability of Infrastructure**



**Drugs and Vaccine Availability:** 3 out of 5 health facilities in Tanzania have at least some of the fourteen essential (tracer) drugs<sup>(13)</sup> required by the Ministry of Health and Social Welfare (MoHSW). It is alarming that only 8% of the facilities had all the essential drugs available, and in rural areas, virtually no facility (1%) had all the essential drugs in stock and unexpired. Neither drugs for children nor drugs for mothers were widely available with average scores of 59% and 49% respectively. Given the national concern about maternal mortality and efforts to improve maternal health outcomes, the availability of tracer drugs for women is unsettlingly low. The average rural patients are significantly less likely to find the drugs they need in rural facilities than in urban ones.

**Figure 7.3: Availability of Drugs**



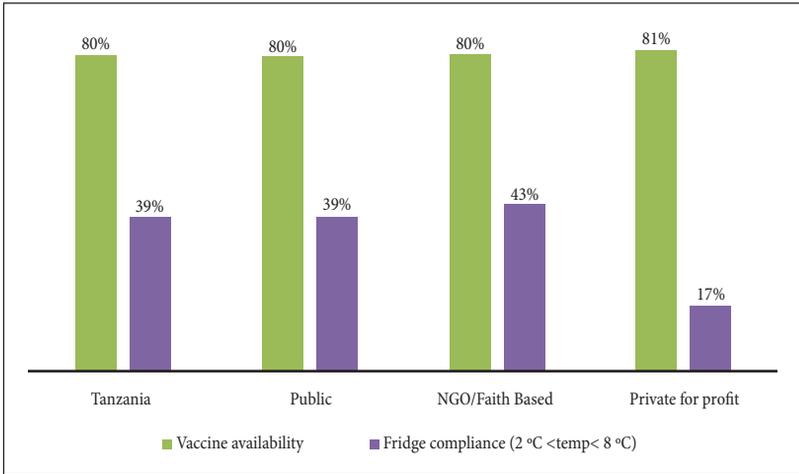
The vast majority of facilities that carry out immunization have 80% of the vaccines available. Actually, of the seven vaccines<sup>(14)</sup> that were tracked, 5 were nearly universally available and only hepatitis B and DPT-Hib-HepB were in short supply and available in about 25% and 60% of the facilities respectively. The major concern for vaccines is not about availability, but rather about the condition under which they are stored. Vaccines need optimal storage conditions in order to maintain their potency and it is thus important to evaluate the storage

13 The fourteen tracer drugs are Amitriptyline, Amoxicillin, Atenolol, Captopril, Ceftriaxone, Ciprofloxacin, Co-trimoxazole, Diazepam, Diclofenac, Glibenclamide, Omeprazole, Paracetamol, Salbutamol, and Simvastatin.

14 These were tetanus, hepatitis B, BCG, pneumococcal, pentavalent, DPT-Hib-HepB, polio, and measles.

conditions of vaccines across the country. Only 39% of refrigerators had a temperature within the recommended 2 to 8 degrees Celsius. Only 17% of the private-for-profit facilities’ refrigerators were compliant, the lowest rate across the country. Interestingly, dispensaries were more likely to comply than health centres and first-level hospitals. These results are alarming because Tanzania has been hit by measles outbreaks in 2011 and 2012 despite very high levels of measles vaccination coverage.<sup>(15)</sup>

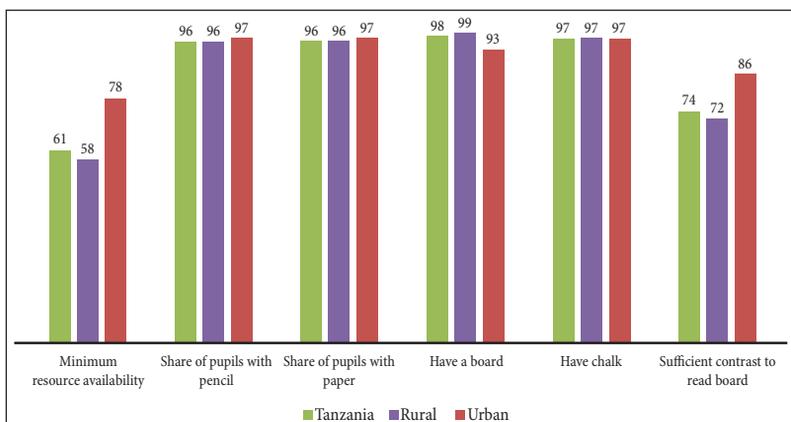
**Figure 7.4: Vaccines: Availability and Storage Condition**



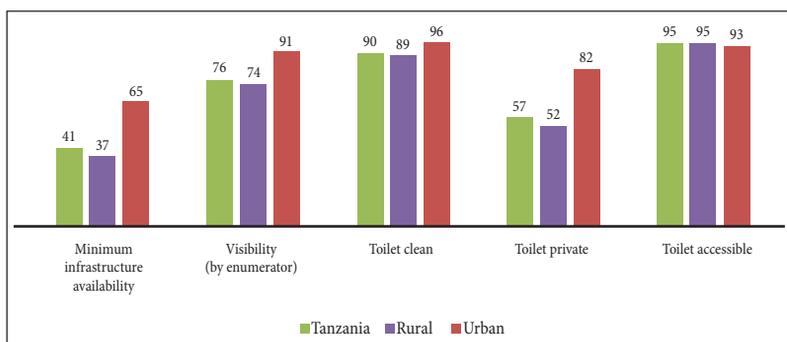
**Education Sector**

**Minimum Teaching Resources:** Only 61% of Tanzanian primary schools possessed the minimum resources required. Nearly all pupils had a pen or pencil to write with and a notebook to write on. Similarly, all classrooms were equipped with a blackboard and chalk was available. However, in more than 25% of the standard four classrooms there was not “sufficient contrast to read the board” making the blackboards in those classrooms non-functional. Therefore 1 out of 4 classrooms in Tanzania did not have enough light and children could not readily discern the writing on the blackboard from the front and/or back of the classroom. Pupils in those classrooms were probably not fully benefitting from the education they were being given.

15 Midterm analytical review of performance of the Health Sector Strategic Plan III 2009–2015.

**Figure 7.5: Availability of Minimum Teaching Equipment**

**Minimum infrastructure:** The availability of infrastructure was low at 41%. Although nearly all schools had toilets which were accessible and clean<sup>(16)</sup>, privacy was a constraint. In schools where teachers and pupils used the same toilets, the latter were considered lacking privacy; only 57% of the schools had private toilets. Once again, visibility, which is used here to replace electricity, is a binding constraint. As expected, rural primary schools perform worse on the infrastructure indicator with only 37% of them meeting the standard compared to 65% of their urban counterparts.

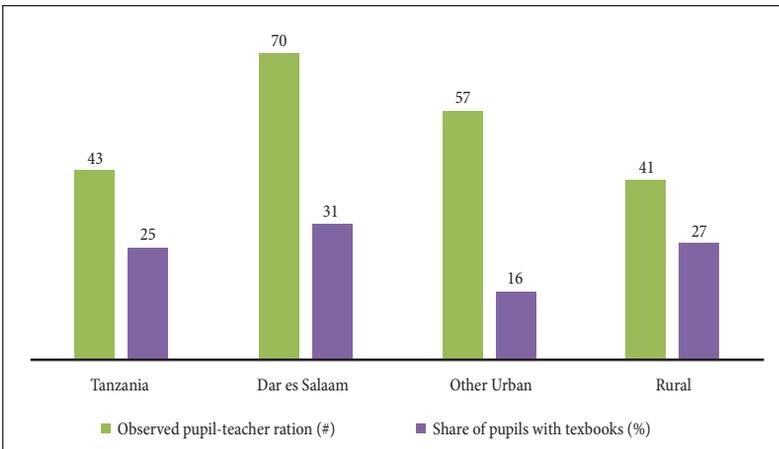
**Figure 7.6: Availability of Minimum Infrastructure**

16 Note that for this indicator, a number of schools did not, in fact, have information on cleanliness and accessibility. The specific schools with missing information were those where teachers and pupils used the same toilets. For such schools, a skip was inadvertently included in the Kiswahili version of the questionnaire. We considered that those schools did not meet the privacy criterion for pupils. The toilets were, however, still considered accessible and clean by default. Therefore, the infrastructure indicator was an overestimate of the true state of infrastructure in Tanzania's primary schools.

**Overcrowded Urban Classrooms and Lack of Textbooks:** Across the observed classrooms, there were on average 43 pupils per classroom. The ratio is slightly below Tanzania’s recommended benchmark of 45:1. With close to 70 pupils, Dar es Salaam’s average standard four classroom has 27 more pupils than the typical standard four classroom in the nation, or 60% more pupils. These results differ from Uwezo’s 2012 assessment, which found a significantly lower PTR in Dar compared to other regions. Nonetheless, our results are consistent with administrative data on school enrolment and should hold if pupil absenteeism is similar across regions. Dar schools have on average more classrooms but the difference is not large enough to make their class sizes smaller.

Other urban schools also experience overcrowding of classrooms albeit to a lower extent. Interestingly, it is rural schools which respect the norm in terms of class size. Roughly only one out four pupils used an English or mathematics textbook in a typical standard four classroom. It is noteworthy that in 40% of the observed classrooms none of the pupils used a textbook during the lesson. This lack of books in the classrooms is observed even after a large distribution of textbooks took place recently in Tanzania and for which schools in the SDI survey acknowledge being beneficiaries. The reason is that often schools may have the textbooks, but decide not to provide them to pupils in order to conserve the textbooks. It is not clear whether this is what happens in Tanzanian schools, but the phenomenon is worth further investigation to make sure books are fully and efficiently used by schools and pupils.

**Figure 7.7: Pupil-Teacher Ratio and Use of Textbooks**



## Provider Effort: What Providers do?

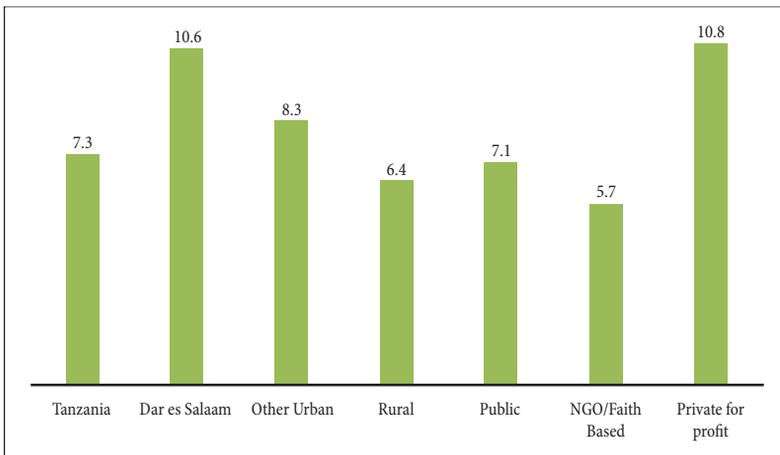
### Health Sector

Tanzanian health workers perform a fairly low number of outpatients per day. The caseload indicator measures the number of outpatient visits per day the average health provider performs. It excludes paramedical health staff such as laboratory technicians or pharmacy assistants.

The average caseload in Tanzania is fairly low at 7 outpatients per provider per day. Private for-profit facilities have the highest, albeit still low, daily caseload with 11 patients seen by each health provider. The outpatient workload seems to increase with urbanization, *i.e.* population density, with an average Dar es Salaam health worker performing 11 outpatient visits a day compared to 6 visits for the rural health provider.

Caseload is usually of concern because a shortage of health workers may cause caseloads to rise and potentially compromise service quality. The SDI suggests that a large share of health providers, especially those in moderately sized facilities, have very low caseload levels. There seems to be ample room for a significant increase in the caseload of Tanzanian providers, *i.e.* the level of productivity in health service delivery, without jeopardizing quality.

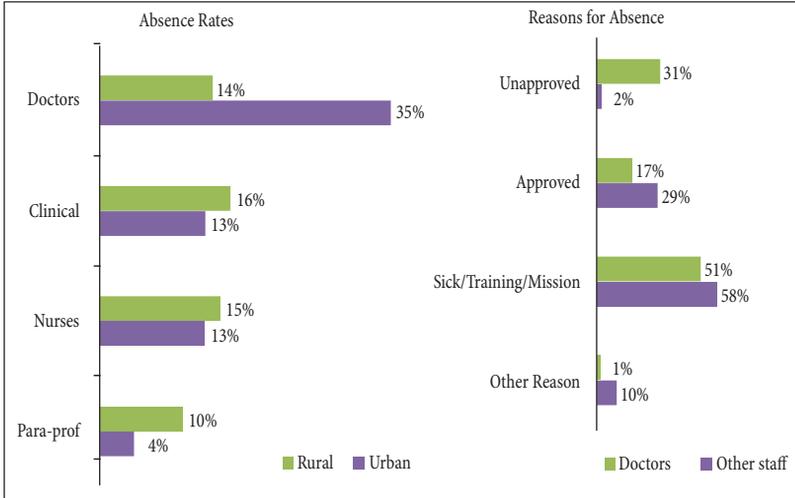
**Figure 7.8: Provider's Average Caseload by Location and Ownership**



**Location and Ownership:** Absenteeism in the Tanzanian health sector is low compared to African and Asian standards. At any point in time, 14% of the health workers could not be found in the facility. Although this can be considered fairly low, it is by no means negligible. There is

some noteworthy variation across strata or cadre. Absenteeism is higher in Dar es Salaam where more than 1 out of 5 (21%) health providers are absent. The difference between Dar and both rural and other urban areas is statistically significant.

**Figure 7.9: Absence rates by Cadre and Reason for Absence**

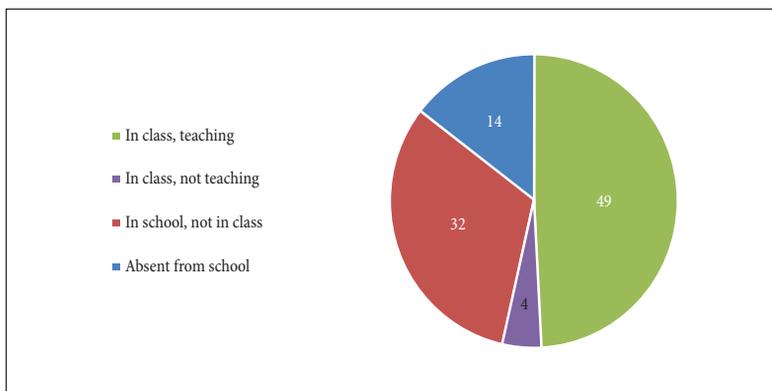


Looking at the absenteeism rate by cadre and location, a few interesting findings emerge. First, doctors are much more likely to be absent with 1 out of 3 (33%) than the average staff. Clinical officers and nurses are equally likely to be absent, but they are also more likely to be absent than para-professionals. Urban doctors are significantly more likely to be absent than doctors in rural areas; this may be because they have more opportunities for moonlighting or other income generating activities. Looking into the reasons for absence, the survey found that the overwhelming share (>90%) of absence was sanctioned or approved absence. Compared to the average staff, doctors are 3 times more likely to be absent without approval. This may simply reflect their position of power within the facility. In any workplace setting, absence may be sanctioned or not sanctioned. However, from the consumer’s perspective, these providers are not available to deliver services, whether sanctioned or not. It is possible that absence can be improved by a more prudent absence policy. This suggests that management improvements and better organization and management of staff can potentially improve the availability of staff for service delivery.

### Education Sector

Almost half (47%) of teachers was not in the classroom teaching. At first, with “only” 14% of the teachers not at school during the surprise visit, absenteeism seems low in Tanzanian primary schools. However, a closer look reveals that an additional 32% of teachers, albeit in school, was not in the classroom teaching. This brought the classroom absence rate to 47%, a large number by any standard. The classroom absence rate was most likely a leadership and management issue because the majority of the teachers were, in fact, in the school. As the teachers’ wage bill always represents the largest share of education spending in Tanzania, this high absence from classroom signals that there is room for improved value-for-money in education.

**Figure 7.10: Where Were the Teachers During Unannounced Visits (%)?**



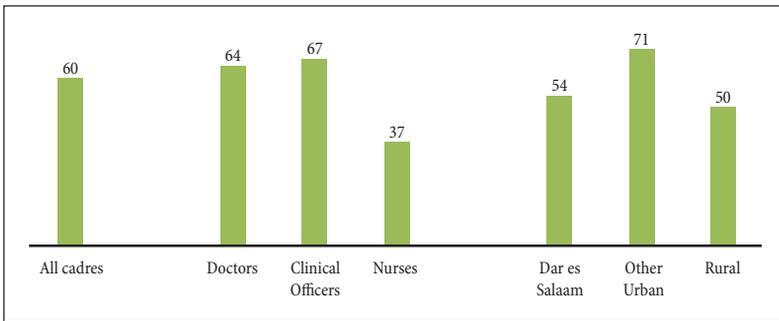
Out of the required 5 hours and 55 minutes teaching time per day, pupils only received 2 hours and 41 minutes on average. For pupils to have the opportunity to learn, teachers have to not only be present at school, but also be actively teaching in the classroom. The SDI results show that 51 minutes of teaching time were lost to classroom absence; an additional 1 hour and 54 minutes were lost to teachers who were in school but not in the classroom; and finally 23 minutes were lost due to teachers who were in the classroom but devoted 12% of the class to non-teaching activities. Cumulatively the loss of instructional time amounted to 61% of the scheduled teaching time. Over the course of the year, instead of receiving on average 195 days of instruction time, Tanzanian primary school pupils effectively got only 76 days.

## Provider Ability: What Providers Know?

### Health Sector

For 4 out of 10 outpatient simulation cases, health providers gave the wrong diagnosis. High quality performance in outpatient consultations entails at least the following: (i) systematically arrive at a correct diagnosis; (ii) provide an appropriate treatment (or referral); and (iii) provide the patient with important information about which actions to take (e.g., how to take the medicine, what to do if the patient does not get better, etc.). Tanzanian clinicians have been assessed using vignettes for 5 tracer conditions.<sup>(17)</sup>

**Figure 7.11: Number of Correct Diagnoses out of a 100 Cases**

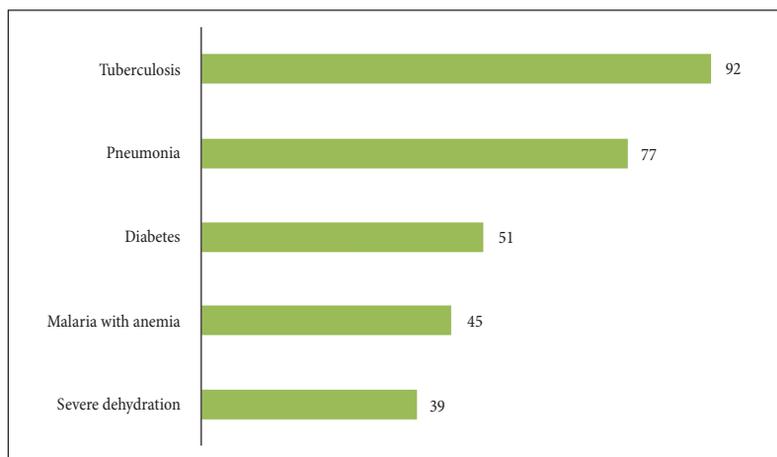


Average diagnostic accuracy stood at 60% of the tracer conditions. Providers in other urban areas performed better than providers in Dar es Salaam but the difference is not statistically significant. Urban providers as a whole significantly outperformed their rural counterparts.

<sup>17</sup> The five tracer conditions are (a) malaria with anaemia, (b) diarrhoea with severe dehydration, (c) pulmonary tuberculosis, (d) diabetes type 2, and (e) pneumonia. Vignettes or patient case simulation are a methodology which is widely used in teaching. With this methodology, one of the enumerators acts as a case study patient with some specific symptoms. The clinician who is informed of the simulation is asked to proceed as if the enumerator is a real patient, while another enumerator acts as an observer. The methodology presents several advantages: (a) all clinicians are presented with the same case study patients, thus making it easier to compare performance across clinicians; (b) The method is quick to implement, and does not require waiting for patients with particular diagnoses; (c) it avoids intrusion and ethical issues that would arise when dealing with real patients. The method also has its drawbacks. The most important one is that the situation is not a real one and that this may bias the results upwards.

Across cadres, clinical officers perform at par with doctors, but nurses score just slightly above half that of clinical officers. Although not shown, the best performers are doctors in rural facilities who found more than 8 out of 10 (85%) conditions, whereas nurses in faith-based organizations performed worst with a low score of 22%.

**Figure 7.12: Diagnostic Accuracy by Condition**

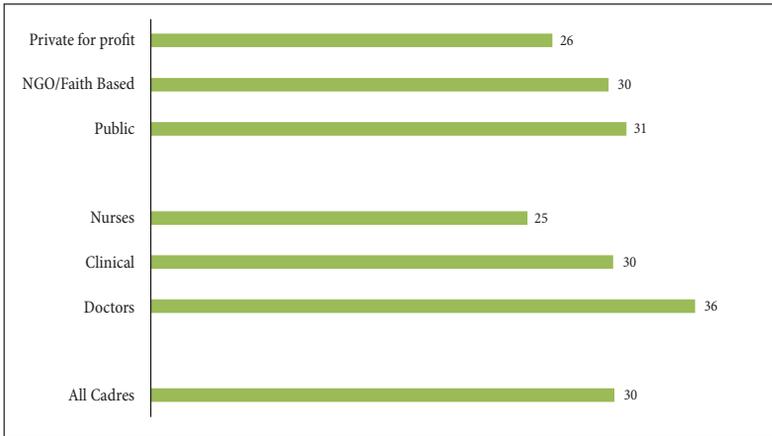


The diagnostic accuracy rate varied across case conditions, ranging from 39% for acute diarrhoea with severe dehydration to 92% for pulmonary tuberculosis. Almost half of the providers could not diagnose diabetes, and about 1 out of 4 providers misdiagnosed pneumonia. The situation is alarming when for very common conditions such as acute diarrhoea with severe dehydration or malaria with anaemia close to 2 in every 5 clinicians were not able to offer correct diagnosis. Due to the significance of malaria in Tanzania's burden of disease a closer look was taken at the malaria case. The diagnosis of malaria with anaemia was the second least accurate at 45%. Although a very large majority (89%) of providers arrived at the diagnosis of malaria, they did not specify the additional diagnosis of anaemia.

Although Tanzania is set to achieve the Millennium Development Goals (MDGs) in infant and under-5 mortality rates if it maintains the pace of decline in mortality levels, neonatal mortality will not contribute to this achievement. Indeed, under-five mortality decreased from 147 per 1000 live births to 81 per 1000 live births between 1996 and 2010, while neonatal mortality went from 31 to a mere 26 per 1000 live births. Between 2006 and 2010 one third of the Tanzanian children who did

not live to celebrate their fifth birthday actually died right after birth.<sup>(18)</sup> Maternal mortality is another area of concern for Tanzania since it remains high and is not improving fast enough, if at all.<sup>(19)</sup> Tanzania is unlikely to meet the MDG related to maternal mortality. Maternal and neonatal mortality are therefore two critical areas where the Tanzanian health system needs to register some progress.

**Figure 7.13: Process Quality for Post-Partum Haemorrhage and Neo-Natal Resuscitation**



The second process quality indicator is clinicians’ ability to manage maternal and neonatal complications. This indicator reflects the share of relevant treatment actions proposed by the clinician. The set of questions is restricted to core or important questions as expressed in the MoHSW’s Integrated Management of Childhood Illnesses (IMCI) and the Standard Treatment Guidelines. As shown in Figure 7.13, providers adhered to only 30% of the clinical guidelines for managing maternal and new-born complications. There is no significant difference between the performance of public and private (for- and not-for-profit) providers. Doctors are again more likely to adhere more closely, although they will follow about 36% of them. This process quality was also found to progressively decline by cadre type and by facility level. It

18 According to the TDHS report (2010), “The proportion of infant deaths occurring in the first month of life is 55 percent in the period 0 to 4 years preceding the survey. Furthermore, [...] 72 percent of neonatal deaths were early neonatal deaths.”

19 Maternal mortality decreased from 578 in 2004-05 to 454 in 2010 according to the 2010 DHS, but that decrease was not statistically significant, although it suggests a declining trend has started.

is disturbing that less than 1% of providers adhered to at least 75% of the guidelines for the two maternal and neonatal complications. Using a lower threshold of 50%, only 20% of providers adhered to at least half of the required treatment actions.

### **Education Sector**

Content knowledge among Tanzanian primary school teachers was poor. Even if teachers show up to school and spend the allocated time in the classroom engaging in teaching activities with their pupils as expected, they need to have a fairly good command of the subject they teach as well as the required pedagogical skills to effectively pass that knowledge to their pupils. This section discusses the indicator used to capture teachers' knowledge and capacity to teach which is named *Minimum knowledge*.<sup>(20)</sup> Teachers' content knowledge was especially low in English, with only 1% of English teachers who scored 80% or above. Mathematics teachers fared better with 1 out of 3 that can be considered to have mastery of the curriculum.

Taking English and mathematics together, teachers correctly answered 59% of the questions. Teachers scored poorly in English (42%), and in pedagogy (36%). The English test score indicates that teachers had not mastered half of the standard four curriculum. Teachers performed worst when given the task to correct a letter containing 21 mistakes, of which they caught 4.6 on average. On the mathematics test, the average score was 65% with a large and significant difference (19 percentage points) between scores on the lower and upper parts of the primary curriculum. Teachers were thus at ease with simple operations, such as adding two- or three-digit numbers, but struggled to handle slightly more complex computations, such as comparing fractions.

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20 *Minimum knowledge* is measured as the percentage of teachers who master the curriculum they teach. It is based on mathematics and language tests covering the primary curriculum as administered at the school level and is calculated as the percentage of teachers who score more than 80% on the language and mathematics portion of the test. All teachers that taught 3rd grade last year or teach 4th grade in the year of the survey were assessed.

Figure 7.14: Share of Teachers with Minimum Knowledge (%)

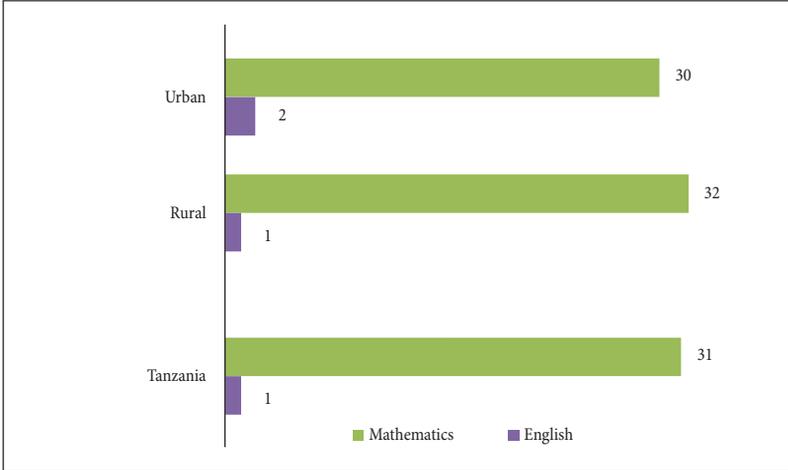
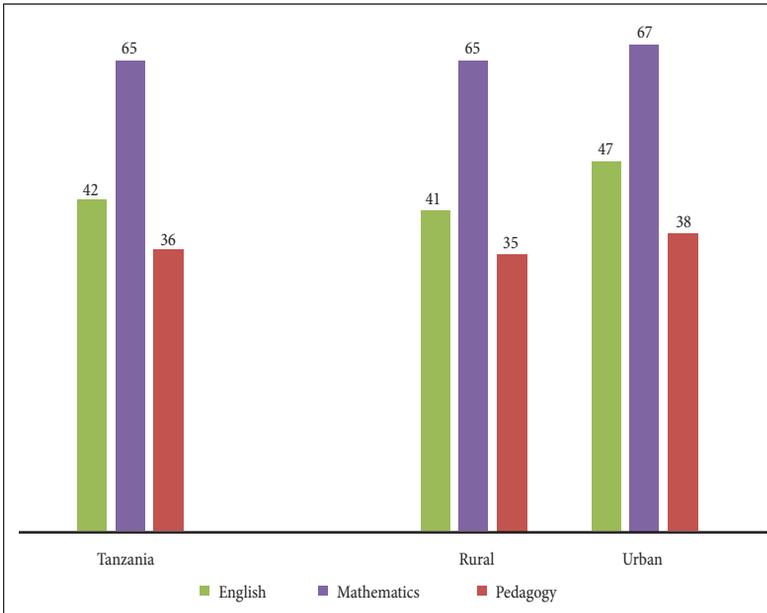


Figure 7.15: Teachers' Average Test Score (%)



Pedagogical content knowledge was severely lacking with 1 out of 1,000 (0.1%) teachers who passed the 80% threshold for minimum knowledge. Teachers managed to correctly answer about one-third of the tasks on the pedagogy test. More than 3 in 4 teachers scored below 50% on the

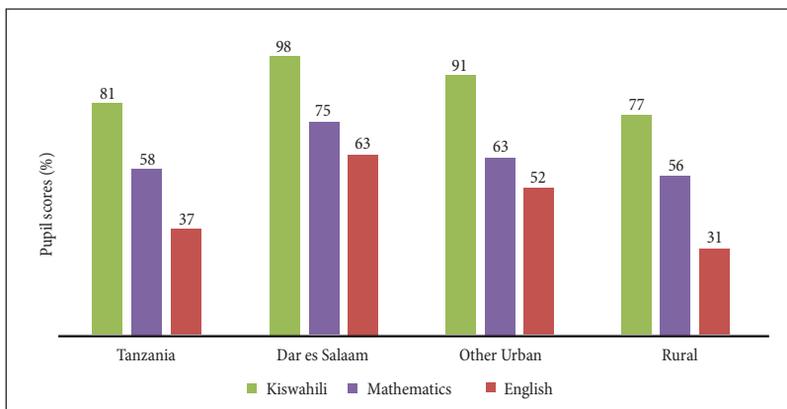
pedagogy test. Overall, these findings imply that primary school teachers did not master the curriculum they were supposed to teach; and they did not have the required pedagogical skills to adequately teach what they did know.

Ultimately it is pupils' learning outcomes that matter to pupils, parents, and policy-makers, as well as to the society at large. In a separate regression analysis, all of the indicators of input, effort, and knowledge correlate very well with pupils' test scores and have the right sign. This means that focusing on improving those areas at the school level should help improve learning outcomes. In Tanzania, roughly 4,000 pupils have been tested in Kiswahili, English, and mathematics. All students took the same mathematics test, but roughly 2,800 were tested in English and the remaining 1,200 took a similar test but in Kiswahili.

Not surprisingly, pupils tested in Kiswahili scored 81% compared to 37% of those tested in English. It is interesting to note that both groups of pupils had the exact same average score on the mathematics test (58%). Dar es Salaam pupils significantly outperformed pupils in all other parts of the country. There was no gender difference, with boys scoring as high as girls.

For Kiswahili, close to 9 out of 10 pupils managed the simplest tasks, such as identifying a letter or recognizing a simple word. Actually, Kiswahili test takers performed well, even with reading a fifty-word paragraph (75%). However, for English, pupils were unable to identify a simple alphabet letter 1 out of 4 times they were asked to do so. For more complex tasks, 1 out of 3 pupils could read a ten-word sentence and 2.7% could fluently read the 58-word paragraph they were presented.

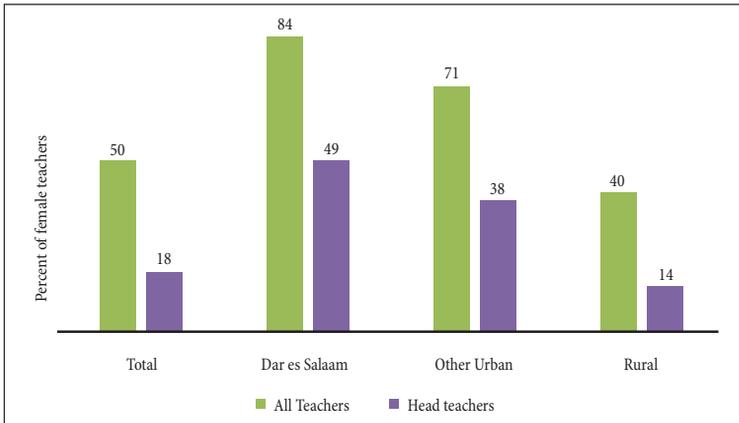
**Figure 7.16: Pupil Performance – Average Scores (%)**



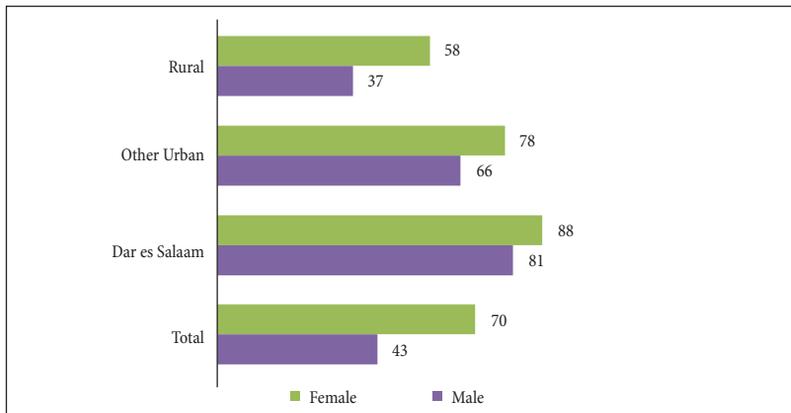
The test revealed that most standard four pupils did not perform well at the standard three level. In mathematics, 64% of the pupils could add 2 three-digit numbers and 42% could subtract two-digit numbers, but their performance dropped to 20% for two-digit division, and to 14% for two-digit multiplication. Only 40% of the standard four pupils could perform  $6 \div 3$  or  $7 \times 8$ , which are clearly part of the standard three curriculum. Pupils in Dar es Salaam performed significantly better across the board, followed by pupils in other urban areas, who also performed significantly better than rural pupils.

Finally, Tanzania has succeeded in achieving gender parity for teachers in its primary education system. Women constituted 50% of the primary school teacher body. Dar es Salaam had 84% of teachers that were female, while in other urban areas women accounted for 71% of teachers. In contrast, only 40% teachers were female in rural schools. However, females were grossly under-represented in school management with 1-in-5 (18%) of the head teachers a woman. Rural areas displayed the biggest deficit of female school managers (14%), but it was in Dar es Salaam that the gender gap (35%) was the greatest.

**Figure 7.17: Female Teachers in School by Position**



Female-headed schools had on average 27% more female teachers, a large and significant difference. On average, 7 out of 10 teachers were women in schools managed by a woman, compared to slightly more than 4 out of 10 female teachers in schools headed by men. Women, in fact, constituted the majority of the teaching force in all schools, except rural schools headed by men, where there was a 2:1 male-to-female teacher ratio.

**Figure 7.18: Female Teachers In School by Sex of Head**

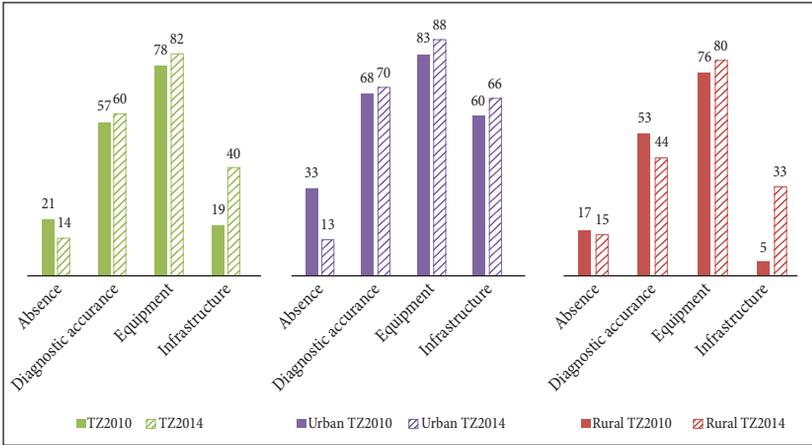
### Contextualizing the Quality of Health and Education

Tanzania was a pioneer country in the SDI by piloting, along with Senegal, the first SDI in 2010. The instruments have been slightly updated since then, but the 2010 and 2014 SDIs have a great deal of overlap. Some indicators are not comparable and the data necessary to compute a new one might not be available, but by and large it is possible to look into the trends in service delivery between 2010 and 2014. For the health sector, only the public sector will be considered in this section because the 2010 SDI only covered public facilities. For education, there were very few private primary schools in the data and they have been removed for comparison purposes as well.

SDI results (Figure 19) show that the health (public) sector improved across the board between 2010 and 2014. Staff absence dropped by half, and more facilities have access to basic equipment and infrastructure. Even diagnostic accuracy<sup>(21)</sup> has improved or at best stagnated. The starkest improvement was in access to basic infrastructure. Although the sector improved on average, this conclusion hides variations between the urban and rural sectors. In fact after closer scrutiny, the improvement was mainly driven by the urban areas, especially for staff absence. Rural facilities led the improvement in infrastructure with the share of facilities with basic infrastructure multiplied by a factor of 6 between 2010 and 2014. Unfortunately though, clinicians in rural areas have lost ground in their ability to diagnose common conditions.

21 Note that the vignettes in 2010 and 2014 are not fully comparable and in two cases the conditions studied are not the same; but still we consider that they proxy for clinicians' average capacity to correctly diagnose.

Figure 7.19: SDI 2010-2014 Trends in the Health Sector

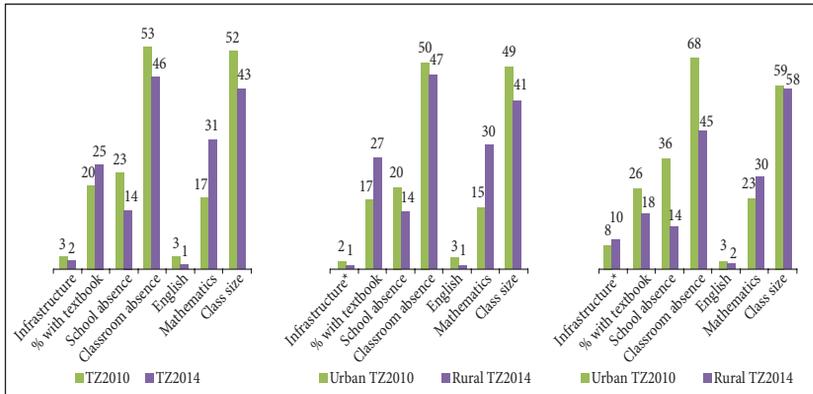


In the education sector the main improvement has been in teacher absence, which dropped from 23% to 14% mainly driven by urban teachers. However, despite showing up more often at schools, teachers are still largely absent from the classroom. On infrastructure,<sup>(22)</sup> Tanzanian primary schools were as badly endowed in 2014 as they were in 2010. Very few schools had electricity, clean water, and sanitation. The use of textbooks in the classroom slightly increased from 20% to 25%, but this slight increase can be perceived as a stagnation given the fact that at least 12.5 million books have been distributed across Tanzanian primary schools.<sup>(23)</sup> Class sizes have been reduced, especially in rural areas, where the average class had 8 fewer pupils in 2014 compared to 2010. In terms of teacher knowledge, one notes an improvement in the share of teachers with minimum knowledge in mathematics but not in English. Despite these improvements, the status of the education sector needs much more work for the Tanzanian children to compete with their immediate neighbours in East Africa, especially Kenya, let alone internationally.

22 For comparability, the definition of infrastructure in 2010 is used. This entailed that the school had electricity, clean water, and sanitation.

23 Estimated from the Radar book delivery data.

**Figure 7.20: SDI 2010-2014 Trends in the Education Sector**



### Conclusion

To achieve its objective of building a healthy and educated labour force, it will be necessary to improve efficiency in the health and education sectors. This requires a more targeted focus on results, accountability and transparency in service delivery, in order to meet the human development goals necessary for Tanzania to fulfil its long-term economic aspirations. As the SDI framework has revealed, such relationships need to extend to both the vertical and horizontal dimensions of the organizational setup. That is, policy makers, service providers, and users need to exercise agency more comprehensively. Delegation of accountability responsibilities is likely to yield services that are more input oriented than output or demand driven.

**Annex I: Definitions of the Education Service Delivery Indicators**

<b>Indicator</b>	<b>Definition</b>
<b>School absence rate</b>	Share of a maximum of 10 randomly selected teachers absent from school during an unannounced visit.
<b>Classroom absence rate</b>	Share of teachers who are present in the classroom during scheduled teaching hours as observed during an unannounced visit. Teachers may be found teaching outside, and these are marked as present for the purposes of the indicator.
<b>Time spent teaching per day</b>	Amount of time a teacher spends teaching during a school day. This indicator combines data from the staff roster module (used to measure absence rate), the classroom observation module, and reported teaching hours. The teaching time is adjusted for the time teachers are absent from the classroom, on average, and for the time the teacher teaches while in classrooms based on classroom observations. While inside the classroom, distinction is made between teaching and non-teaching activities. Teaching is defined very broadly, including actively interacting with students, correcting or grading student work, asking questions, testing, using the blackboard or having students work on a specific task, drilling or memorization.
<b>Minimum knowledge</b>	This indicator measures teacher's knowledge and is based on mathematics and language tests covering the primary curriculum administered to all mathematics or language teachers that taught grade three in the previous year or grade four in the year the survey was conducted. It is calculated as the percentage of teachers who score more than 80% on the language and mathematics portion of the test. Test score: This indicator measures teacher's knowledge and it is calculated as the overall score of mathematics, language, and pedagogy tests covering the primary curriculum administered at the school level to all mathematics and language teachers that taught grade three in the previous year or grade four in the year the survey was conducted.

Indicator	Definition
<b>Minimum infrastructure availability</b>	Unweighted average of the proportion of schools with the following available: functioning electricity and sanitation. Specifically: (i) functioning toilets operationalized as being clean, private, and accessible; and (ii) sufficient light to read the blackboard from the back of the classroom.
<b>Minimum equipment availability</b>	Unweighted average of the proportion of schools with the following available: functioning blackboard with chalk, pencils/pens, and notebooks/paper. Specifically: (i) functioning blackboard and chalk, (ii) the share of pupils with pencils/pens is equal to or above 90%, and (iii) the share of pupils with notebooks/paper in that classroom is equal to or above 90%.
<b>Share of pupils with textbooks</b>	Number of mathematics and language books used in a randomly selected grade four classroom divided by the number of pupils present in the classroom.
<b>Observed pupil-teacher ratio</b>	The average number of grade four pupils per grade four teacher. The indicator of teachers' availability is measured as the number of pupils per teacher in one randomly selected grade four class at the school based on the classroom observation module.

### Annex II: Definitions of the Health Service Delivery Indicators

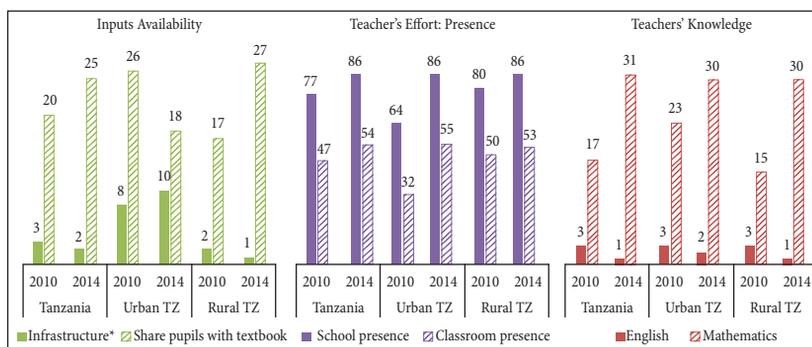
Indicator	Definition
<b>Caseload per health provider</b>	
Number of outpatient visits per clinician per day.	The number of outpatient visits recorded in outpatient records in the three months prior to the survey, divided by the number of days the facility is open during the three month period and the number of health professionals who conduct patient consultations (i.e. excluding cadre-types such as public health nurses and outreach workers).
<b>Absence rate</b>	
Share of a maximum of 10 randomly selected providers absent from the facility during an unannounced visit.	Number of health professionals that are not off duty who are absent from the facility, on an unannounced visit as a share of ten randomly sampled workers. Health professionals doing fieldwork (mainly community and public health professionals) are counted as present. The absence indicator is not estimated for hospitals because of the complex arrangements of off duty, shifts etc.

Indicator	Definition
<p><b>Diagnostic accuracy</b></p> <p>Average share of correct diagnoses provided in the five clinical cases.</p>	<p>The five clinical cases include: (i) acute diarrhoea; (ii) pneumonia; (iii) diabetes mellitus; (iv) pulmonary tuberculosis; (v) malaria with anaemia.</p> <p>For each clinical case, researchers assign a score of one as correct diagnosis for each clinical case if diagnosis is mentioned; Sum the total number of correct diagnoses identified; and Divide by the total number of clinical cases. Where multiple diagnoses are provided by the clinician, the diagnosis is coded as correct as long as it is mentioned, irrespective of what other alternative diagnoses were given.</p>
<p><b>Adherence to clinical guidelines</b></p> <p>Unweighted average of the share of relevant history taking questions, the share of relevant examinations performed.</p>	<p>The five clinical cases include: (i) acute diarrhoea; (ii) pneumonia; (iii) diabetes mellitus; (iv) pulmonary tuberculosis; (v) malaria with anaemia.</p> <p>With regard to History Taking Questions, researchers assign a score of one if a relevant history taking question is asked. The number of relevant history taking questions asked by the clinician during consultation is expressed as a percentage of the total number of relevant history questions included in the questionnaire.</p> <p>With regard to Relevant Examination Questions, researchers assign a score of one if a relevant examination question is asked. The number of relevant examination taking questions asked by the clinician during consultation is expressed as a percentage of the total number of relevant examination questions included in the questionnaire.</p> <p>For each clinical case: Unweighted average of the relevant history questions asked, and the percentage of physical examination questions asked.</p>
	<p>The history and examination questions considered are based on the Nigeria National Clinical Guidelines and the guidelines for Integrated Management of Childhood Illnesses (IMCI).</p>

Indicator	Definition
<b>Management of maternal and neonatal complications</b>	
Share of relevant treatment actions proposed by the clinician.	For each of the following two clinical cases, (i) post-partum haemorrhage and (ii) neonatal asphyxia, researchers assign a score of one if a relevant action is proposed. The number of relevant treatment actions proposed by the clinician during consultation is expressed as a percentage of the total number of relevant treatment actions included in the questionnaire.
<b>Drug availability</b>	
Share of basic drugs which at the time of the survey were available at the health facilities.	With regard to priority medicines for mothers, researchers assign a score of one if the facility reports and the enumerator confirms/observes the facility has the drug available and non-expired on the day of visit. The list of priority drugs can be accessed from the technical report. The aggregate is adjusted by facility type to accommodate the fact that, say, dispensaries are not expected to carry all drugs. The level at which a drug is expected can be found in the essential medicine list.
<b>Equipment availability</b>	
Share of facilities with thermometer, stethoscope and weighing scale, refrigerator and sterilization equipment.	Researchers assign a score of one if the enumerator confirms the facility has one or more functioning of each of the following: thermometers, stethoscopes, sphygmomanometers and a weighing scale (adult or child or infant weighing scale) as defined below. Health centres and first level hospitals are expected to include two additional pieces of equipment: a refrigerator and sterilization device/equipment.
<b>Infrastructure availability</b>	
Share of facilities with all three items: electricity and clean water and sanitation	With regard to infrastructure aggregate, researchers assign a score of one if the facility reports and the enumerator confirms that the facility has electricity and clean water and sanitation as defined.
	With regard to electricity, researchers assign a score of one if the facility reports having the electric power grid, a fuel operated generator, a battery operated generator or a solar powered system as their main source of electricity.

Indicator	Definition
	<p>With regard to water, researchers assign a score of one if the facility reports their main source of water is piped into the facility, piped onto facility grounds or comes from a public tap/standpipe, tube-well/borehole, a protected dug well, a protected spring, bottled water or a tanker truck.</p> <p>With regard to sanitation, researchers assign a score of one if the facility reports and the enumerator confirms that the facility has one or more functioning flush toilets or VIP latrines, or covered pit latrine (with slab)</p>

### Annex III: Figures Comparing 2010 and 2014



## Capacity Development for Stakeholders

Joanita Magongo and Samuel Wangwe

### Introduction

Capacity development has been REPOA's area of focus since its inception. REPOA was established with the objective of increasing an understanding of the root causes, nature, scope and different dimensions of poverty in Tanzania. More specific objectives included: strengthening local research capacity; setting up an autonomous poverty research network; increasing knowledge and understanding of poverty among grassroots organisations, local researchers and research institutes, policymakers and development practitioners; and contributing to the development of poverty alleviation policies. (Policy and Operations Evaluation Department, 2007), (REPOA, 1990s) and (Network for Research on Poverty Alleviation, 1994). The case for capacity building was made right from the inception of REPOA.

The aim of developing the capacity of stakeholders was to enhance local research capacity for policy research on poverty and related policy issues and capacity for policy analysis in the area of poverty and related development policy management issues. In this regard, REPOA's capacity development programme comprised building the capacity of both researchers and research-users. On the side of researchers, capacity building was designed to prepare researchers to more effectively undertake research on poverty and related policy issues. For research-users, the capacity building programmes were designed to build the ability to appreciate research outputs and make effective use of those outputs coming from research in their policy analysis and policy-making processes.

### Capacity Development

#### *Researchers*

Basic skills for researchers on research methodology and political economy are supposed to be developed at undergraduate and graduate

levels in the various universities in Tanzania. However, specialized skills in undertaking poverty and related policy research, as well as research methodology, in these areas was found to be falling short. The number of good researchers on poverty and related policy issues was limited, making it imperative to engage in capacity building in order to increase the pool of available local researchers on poverty and related policy issues. Capacity building programmes were directed to building the capacity of young researchers.

Capacity development was delivered to young and intermediate researchers through two programmes: one for administering research grants and mentoring these young researchers; and a second for training researchers in methodology and proposal and report writing.

**Research Grants:** Researchers were provided with research grants through a competitive open system which allowed them to conduct research and hence learn by doing. Administering of research grants went hand in hand with institutionalization of close mentoring to researchers at different stages of the research cycle to facilitate capacity building in undertaking quality policy research. A critical mass of associates were identified and tasked to perform the function of reviewing outputs at all stages of the research project cycle. The reviewers provided support to researchers and this support was managed and coordinated through an institutionalized arrangement in the form of the Technical Advisory Committee. Capacity building of young researchers was facilitated in two ways. First, capacity was provided to young researchers directly by the reviewers and the Technical Advisory Committee. Second, capacity of young researchers was built through teaming them with more senior and experienced researchers with the objective of building capacity by doing research jointly in a collaborative manner throughout the research project cycle.

While young researchers benefitted from the inputs of senior members of the review teams and the members of the Technical Advisory Committee (TAC), there was provision for peer reviews and learning from each other. Researchers were availed the opportunity to make presentations of their outputs at all stages of the research project cycle from proposal stage to draft reports and final reports. This arrangement provided researchers with the opportunity to learn from peers, senior reviewers as resource persons and members of TAC. A number of research reports, originating from this capacity development, have been published over the period.

**Training:** Complementing capacity building through research, a number of tailor-made courses were designed for the researchers and training workshops were organized accordingly. These training courses were closely linked to the activities and demands of beneficiaries of research grants through open competition. As such, training for researchers was offered to junior and intermediate researchers in order to create a larger pool of competent researchers, especially in the areas of poverty research and related contemporary policy research topics. The training covered knowledge on research process, how to design research, quantitative and qualitative research methods including how to conduct research with children, data exploration and report writing. These tailor-made courses were also attended by practical researchers from research departments in government, private sector and civil society organizations with a view to building their capacity to undertake practical research at their places of work.

### *Research-Users*

Capacity building was provided to research-users through tailor-made training to enable stakeholders to appreciate research and usefulness of outputs of policy research. The training was offered to various stakeholders that were involved in using policy research in their activities, such as policy analysts, policy makers or other types of practitioners. These stakeholders included central and local government officials, members of academia, and representatives of Civil Society Organizations (CSOs).

## **Training**

### *Post-Graduate Diploma in Poverty and Policy Analysis*

In addition, REPOA through a one year diploma course in poverty analysis enhanced research capacities for policy analysts and researchers who are actively involved in applied poverty analysis and related policy analysis. Candidates focused on such areas of research as vulnerability and socio economic security and the design and evaluation of development programmes at their work places. The course was organised in collaboration with the Institute of Social Studies (The Hague in the Netherlands) and ESRF, and financed by the United Nations Development Programme (UNDP).

### ***Participatory Action Research***

Participatory action research training was offered to grassroots CSOs within the framework of the CSO and Grassroots Programme. The objective was to enhance the capacity of CSOs working with grassroots communities to carry out poverty analysis and research aimed at addressing community challenges, reducing poverty, and promoting development.

### ***Research Output for Policy Work***

Capacity development for end users of research involved organization of training sessions and workshops. In this case, potential users of research findings who were mainly central and local government officials, representatives of non-governmental organizations (NGOs), civil society organizations (CSOs) and media were trained in order to build their capacity to analyse, synthesize, interpret and use research findings to inform policy and decision-making. Furthermore, training for research-users aimed to enhance the capacity of non-government actors to constructively debate and engage with government.

### ***Policy Awareness***

Through a programme raising awareness on key policies and policy frameworks, CSOs, local government officials and councillors were trained on national policies. The objective was to raise the level of awareness and understanding of national policies such as the NSGRP or MKUKUTA, and Mkakati wa Kukuza Uchumi na Kupunguza Umaskini Zanzibar (MKUZA) and other key government policies and strategies. The aim was to facilitate stronger planning and monitoring at local levels by strengthening the capacity of all key stakeholders to plan, implement and monitor policy processes. Capacity development was also provided on using national data to monitor the implementation of the policies, such as training on understanding and using data from the Tanzania socio-economic database, which was part of MKUKUTA monitoring system.

### ***Interpretation and Monitoring***

REPOA also conducted capacity development workshops for CSOs, media, and parliamentarians on how to use the Tanzania Governance Notice Board database for effective monitoring of public finances and to improve the demand side of accountability in public management. Capacity development was also provided to councillors, CSOs, and local

government officials on how to understand the budget cycle, analyse the national budget, link the budget with MKUKUTA, understand sources of information, and analyse and interpret budget information. The aim of the training was to: enhance transparency and accountability at all levels of the government; advocate for effective allocation and use of resources; and therefore to help reduce poverty and economically empower citizens.

Stakeholders were also equipped with skills on how to mainstream employment and gender issues in national policies and key strategies and how to link them with poverty issues.

### ***REPOA Staff***

Having in place and maintaining a competent secretariat was paramount for REPOA for quality management and implementation of activities. Therefore, efforts were made to impart new knowledge and skills to staff.

Capacity of REPOA staff was developed by inviting senior visiting fellows from different institutions who team up with REPOA researchers to collaborate in design and to undertake strategic research together until the final output of the research. Usually such collaboration paired senior and junior researchers, working together and sharing experiences.

Selected qualified REPOA staff undertook long or short courses depending on the organization's requirement at the time and the financial position of the organization. These included the Post-Graduate Diploma (offered by REPOA-ESRF and ISS) Master's degree, doctoral degree, professional courses, on-the-job training and learning best practices from peer organizations. After each course or training section, the staff member was required to share the knowledge gained to all staff at a special meeting with a question and answer session following the presentation. In some cases where it was deemed that all staff needed a particular training (*e.g.* in understanding performance management systems), in-house training would be organized by bringing in competent experts to conduct training at REPOA premises.

Exchange visits were organized for REPOA staff to visit collaborating institutions to work together, learn and see how collaborating institutions work and face challenges in their context.

### **Key Achievements in Capacity Building and Training**

Over the years of implementation of capacity building of researchers and research-users, tracer studies and needs assessment studies were carried out every five years. The findings were incorporated in the design of the

next five year strategic plan. These studies made an assessment of the impact of the capacity building activities and evaluated the effectiveness of use of the knowledge and skills acquired. Notable outcomes are indicated below.

The researchers who were provided with grants for research benefited from coaching, peer review and mentoring by senior researchers. In the process they acquired knowledge and experience which they were able to use to plan and manage research projects, apply for and secure research funding from other agencies, publish research findings with REPOA and in local and international peer-reviewed journals, and make presentations at international conferences.

The researchers who went through tailor-made training courses in various aspects of research methodology made notable achievements. They were able to use the skills obtained to write better quality research proposals which enhanced their chances of winning research grants, enabled them to undertake better quality research, produce better quality research reports and successfully publish in scholarly forums. Those who were teaching were enabled to improve the quality of teaching and supervising students. Those researchers who work for civil society organizations were enabled to interpret and make more effective use of research outputs in their advocacy work and were better placed to undertake action research for their organizations. Skills gained from the post graduate diploma in poverty analysis training had a significant impact on the beneficiaries and their employers. The beneficiaries are now able to take active part in policy processes: *i.e.* design and analyse policy; write policy briefs; present, debate and write clearly; analyse data and qualitative evidence more effectively; and prepare poverty reduction projects. Other beneficiaries were promoted to higher positions and acquired better jobs. The review of the programme that was conducted by Dr Roberto Simonetti (Open University, UK) and Dr Servacius Likwelile (Ministry of Finance and Economic Affairs, Tanzania) in 2010 concluded that this programme had become very successful in terms of its delivery and impact. The challenge is the sustainability of this successful programme if government does not take over funding of the programme.

The knowledge gain under capacity development initiatives for research-users enabled them to participate more in policy processes and development initiatives.

The policy analysts from government were better prepared to make use of research outputs in carrying out their policy analysis work

and were better placed to assist local governments to make district development plans and central government to formulate policies and development plans. Central government officials were able to participate more in various policy processes; specifically they were able to develop new or revise existing policies and oriented their fellow staff on what they learned from the course. Members of Civil Society Organizations were able to analyse budgets and expenditures, use financial documents, wield increased confidence in querying allocations, and work with local government officials to increase transparency in financial matters. They used knowledge from the training to develop community projects and to design advocacy strategies.

The training offered changed how the local government officials were working. They were more ready to work with other stakeholders, especially CSOs in developing plans and budgets and sharing final documents. The skills gained helped the local government officials to understand financial issues better and to be able to link MKUKUTA goals with district plans.

With regard to the media, the training provided contributed positively towards improving the skills of the participants in reporting on public budgets and expenditure, poverty and development issues.

The capacity of research staff to undertake quality research has increased over time. This has resulted from teaming up REPOA researchers with prominent senior researchers throughout the research process, *i.e.* from the design stage to writing the research report. The chosen topics of study and methods used have provided lessons to REPOA staff on how to conduct such analysis. Most of the research outputs have been published under REPOA publication and in international journals. REPOA staff capacities to undertake quality research have also been enhanced through undertaking long term courses, especially those leading to a doctorate.

## Conclusion

REPOA has made considerable contribution to capacity building of researchers, research-users and its own staff. Capacity building of junior researchers has now come to maturation, having achieved a critical mass of researchers in the area of its focus. The institution maintained its tradition of supply-led training and enrolled participants to relevant courses on data exploration, participatory research methods and research report writing skills. A series of reviews over the period have facilitated continuous adjustments and adaptation to changing

conditions. The review which was conducted in 2010 contributed to a major change from supply-led courses to those conducted on a demand driven and need basis. The collaboration with the ESRF in running the joint post-graduate diploma on poverty analysis has received much praise. It is our hope that for sustainability, the funding by the UNDP will be taken over by government.

## Conclusion

As the various chapters in this book have shown, policy research has evolved significantly over the last two decades. Policy space also expanded, as a series of reforms and development models involving partnerships and dialogue between the government, development partners, civil society, the private sector, and academia increasingly required evidence to inform policy development and monitoring. While REPOA have played a notable role in developing policy research capacity, in undertaking policy-relevant research, and in promoting policy dialogue and active monitoring for results, other think tanks have contributed to these efforts in their own unique ways in line with their mandates. The complexity of the process of policy making and the non-linear relationship between research and policy making requires enormous resources, patience and innovation. The outstanding achievement of REPOA in fulfilling its mandate is a reflection of the two decades of dedicated stakeholders who provided funding, and the staff, management, and members of REPOA who demonstrated passion and continuous innovation in delivery of its outputs under changing operating conditions.

The last two decades focused policy attention on poverty reduction, growth and human development, most notably through the PRSP, the MKUKUTA I and II, the FYDP and the MDGs 2015. Notable achievements were made in goals set under these policies and strategies, but others remain far from being achieved. The coming two decades are likely to be more demanding for new research, analytical work on existing data and research on the current development agenda, monitoring for results, and proactive dialogue and targeted interventions. Three factors explain this potential demand. First, as Tanzania draws closer to its Development Vision 2025, its medium term blue prints, mainly the Second Five Year Development Plan, are more ambitious. Accelerating socio-economic transformation and pursuit of industrial led economic growth and inclusive development is a formidable task, which requires coordination, informed planning and budgeting directed at eliminating most binding constraints, and effective accountability and transparency. Second, Tanzania is party to a number of regional and international

commitments, which it must seek ways to integrate in its development plans and in monitoring for progress. These include the UN Agenda 2030 on Sustainable Development Goals (SDGs) and the African Union's Agenda 2063: The Future we want for Africa. Third, although Tanzania is heralded as among the fastest growing economies in SSA, the levels of poverty have not declined as expected, particularly so in rural areas, with inequality appearing to be growing. Thus, the reasons for such a weak transmission between economic growth and social development outcomes at sub-national and sub-district levels must be investigated.

Notwithstanding these clear needs for continued analytical work and policy dialogue, think tanks in Tanzania face significant challenges, particularly in relation to funding and sustainability. Research funding to independent think tanks from the public sector has remained small and uneven, often directed to specific projects, and not core institutional capacity. The research funding from the local private sector is also very rare, and the funding from traditional development partners is becoming scarce as the global conditions and aid architecture evolves. These developments have put a lot of stress on independent think tanks, raising questions as to their sustainability as institutions, the policy research capacity gap, and space for informed policy dialogue in Tanzania. Experience in developed countries has shown the continued role for think tanks and public funding has continued to support them. So too in Tanzania, it is in the interest of all development stakeholders to sustain the provision of these essential public goods.

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