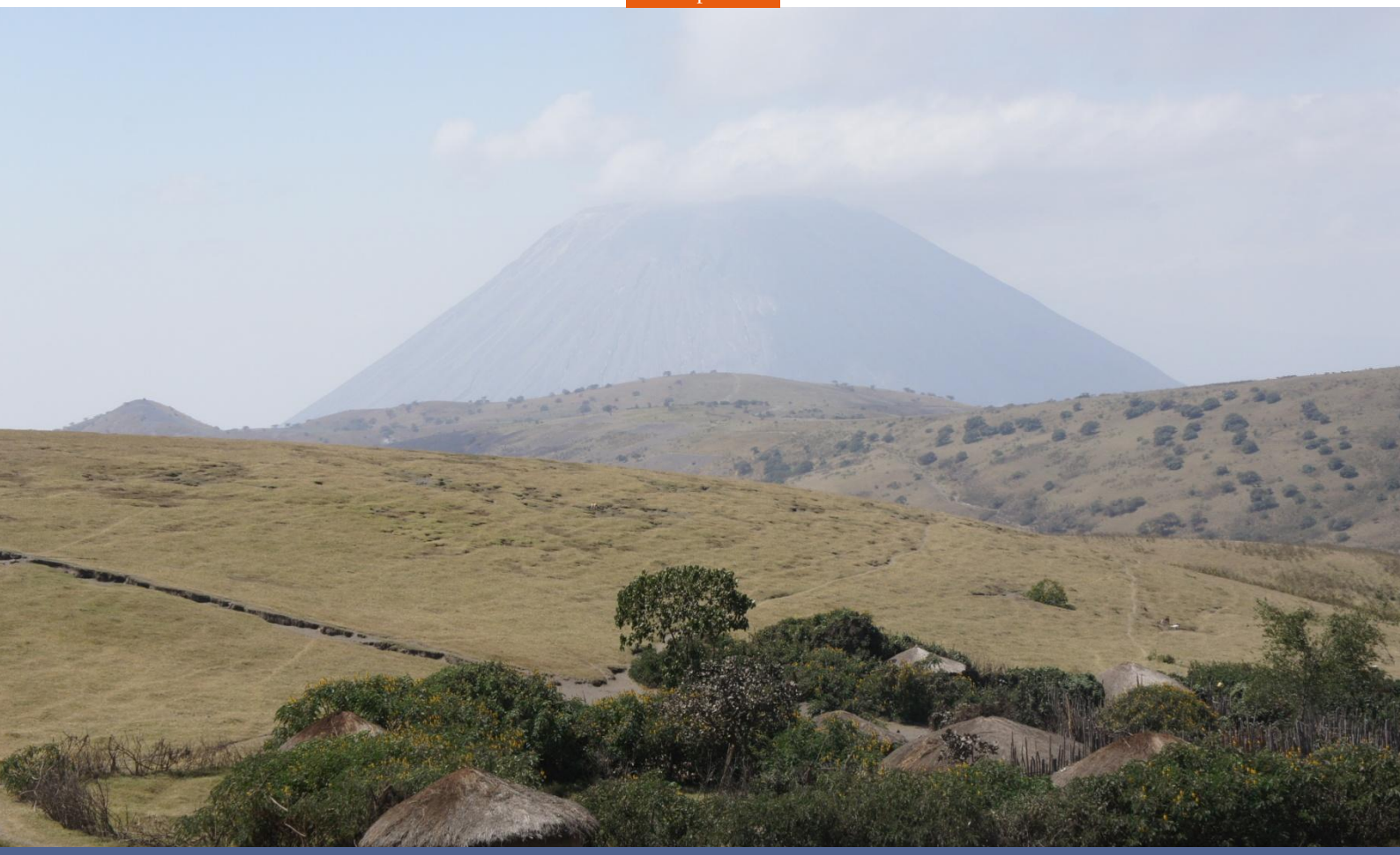


Joint Evaluation of Budget Support to Tanzania: lessons learned and recommendations for the future

Final Report: Volume 2
2013

Independent evaluation jointly managed by the European Commission, the Ministry of Foreign Affairs of Denmark, Irish Aid, the Ministry of Foreign Affairs of the Netherlands and the Ministry of Finance of Tanzania

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Contract No EVA 2011/Lot 3

This independent evaluation was commissioned by the Evaluation Unit of the Directorate General for Development and Cooperation – EuropeAid (European Commission)

It was jointly managed by the European Commission, the Ministry of Foreign Affairs of Denmark, Irish Aid, the Ministry of Foreign Affairs of the Netherlands and the Ministry of Finance of Tanzania

This evaluation was conducted on behalf of all donors providing budget support to Tanzania - the African Development Bank, Canada, Denmark, the European Commission, Finland, Ireland, Japan, Germany, the Netherlands, Norway, Sweden, Switzerland, the United Kingdom and the World Bank.

The opinions expressed in this document represent the authors' point of view which are not necessarily shared by the European Commission or by the authorities of the concerned countries.

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Acronyms and Abbreviations

AGA	Autonomous Government Agency
AIDS	Acquired Immune Deficiency Syndrome
AMP	Aid Management Platform
AR	Annual Review
ASDP	Agriculture Sector Development Programme
BAE	British Aerospace
BEST	Basic Education Statistics for Tanzania
BoT	Bank of Tanzania (Central Bank)
BSG	Budget Support Group (of Development Partners)
CBF	Common Basket Fund
CCM	Chama Cha Mapinduzi
COSS	Cost-of-Service Study (for TANESCO)
CPI	Consumer Price Index
CSEE	Certificate of Secondary Education Examination
Danida	Danish International Development Assistance
D by D	Decentralisation by Devolution
DFID	UK Department for International Development
DHS	Demographic & Health Survey
DP	Development Partner
DPG	Development Partners' Group
EPA	External Payments Account (of the BoT)
EQ	Evaluation Question
ESDC	Education Sector Development Committee
ESDP	Education Sector Development Programme
ESPR	Education Sector Performance Report
EU	European Union
FDI	Foreign Direct Investment
GBS	General Budget Support
GDP	Gross Domestic Product
GER	Gross Enrolment Rate
HBS	Household Budget Survey
HIV	Human Immunodeficiency Virus
HRH	Human Resources for Health
HSSP	Health Sector Strategic Plan
ICA	Investment Climate Assessment
IFMS	Integrated Financial Management System
IMF	International Monetary Fund
JAST	Joint Assistant Strategy for Tanzania
JC	Judgement Criteria
JESR	Joint Education Sector Review
JISR	Joint Infrastructure Sector Review
LGA	Local Government Authority
LGDG	Local Government Development Grant
LGRP	Local Government Reform Programme
M&E	Monitoring and Evaluation
MAIR	MKUKUTA Annual Implementation Report
MCDGC	Ministry of Community Development, Gender & Children
MDAs	Ministries, Departments and Agencies
MDG	Millennium Development Goal
MKUKUTA	Mkakati wa Kukuza Uchumi na Kupunguza Umaskini Tanzania
MKUZA	Mkakati wa Kukuza Uchumi na Kupunguza Umaskini Zanzibar

MMS	MKUKUTA Monitoring System
MoEM	Ministry of Energy and Minerals
MoEVT	Ministry of Education and Vocational Training
MoF	Ministry of Finance
MoHSW	Ministry of Health and Social Welfare
MoU	Memorandum of Understanding
MoWI	Ministry of Water and Irrigation
NAO	National Audit Office
NBS	National Bureau of Statistics
NECTA	National Examinations Council of Tanzania
NER	Net Enrolment Rate
NPS	National Panel Survey
OC	Other Charges
ODA	Overseas Development Assistance
ODI	Overseas Development Institute
OI	Outcome Indicator
PAF	Performance Assessment Framework (for GBS)
PCCB	Prevention & Combating of Corruption Bureau
PE	Personal Emoluments
PEDP	Primary Education Development Plan
PER	Public Expenditure Review
PETS	Public Expenditure Tracking Survey
PFM	Public Finance Management
PFMRP	Public Finance Management Reform Programme
PHDR	Poverty and Human Development Report
PMO-RALG	Prime Minister's Office - Regional Administration and Local Government
PO-PSM	President's Office – Public Sector Management
PSI	Policy Support Instrument
PSLE	Primary School Leaving Examination
PTR	Pupil:Teacher Ratio
REPOA	Research on Poverty Alleviation
RTSPSP	Road Transport Sector Policy Support Programme
SBS	Sector Budget Support
SDC	Swiss Development Cooperation
SECO	State Secretariat for Economic Affairs (Switzerland)
SEDP	Secondary Education Development Programme
Sida	Swedish International Development Agency
SSA	Sub Saharan Africa
SWASH	School Water, Sanitation and Hygiene
TAA	Tanzania Airports Authority
TAFSIP	Tanzania Agriculture and Food Security Investment Plan
TANROADS	Tanzania National Roads Agency
TPA	Temporary Process Action (agreed within PAF)
TPDC	Tanzania Petroleum Development Corporation
TSh	Tanzanian Shilling
TWG	Technical Working Group
UK	United Kingdom
UNICEF	United Nations Children's Fund
UP	Underlying Process
WSDP	Water Sector Development Programme

Annex One: Terms of Reference

EVALUATION OF BUDGET SUPPORT IN TANZANIA

Terms of Reference

November 2011

DANIDA
EC
IOB
Irish Aid
Tanzanian Ministry of Finance and Economic Affairs

1. INTRODUCTION AND PRELIMINARY SETTINGS

During the past decade donors and recipient countries have shifted increasingly from a project approach to general and sector budget support. It was felt that budget support, by contributing to the overall national development strategy and sector strategies would enhance the effectiveness and efficiency of development cooperation.

Budget support is defined as a method of financing a partner country's budget through a transfer of resources from an external financing agency to the partner government's national treasury. The funds thus transferred are managed in accordance with the recipient's budgetary procedures. Budget support includes General Budget Support (GBS) and Sector Budget Support (SBS). *Sector budget support* (SBS) aims at contributing to accelerated progress towards the government's goals within a specific sector (as identified in the sector strategy).[1] In the case of general budget support, the dialogue between donors and partner governments focuses on overall policy and budget priorities, whereas for sector budget support the focus is on sector-specific policies and concerns.[2]

The growth of budget support created the need to evaluate its results. There is a demand from parliaments to show the results of this support. Proponents and opponents seem to hold strong views about the effectiveness of budget support, but these views are not necessarily supported by (rigorous) evidence. Past evaluations of budget support focused on the political economy and policy processes, but did not analyse the impact on the objectives of budget support. This lack of evidence may have a negative impact on the continuation of the aid modality.

Within the framework of the OECD/DAC network, several evaluation departments have taken the initiative for providing more rigorous evidence and have developed a methodology for the evaluation of budget support.[3] A specific "Issue Paper", written under the authority of the Evaluation Unit of the Europe Aid Co-operation Office of the European Commission, forms the basis of this methodology.[4] Later on, two specific methodology papers have been added. The first one[5] gives a more detailed

[1] Caputo et al, 2008.

[2] Specificities of each one are mentioned in the supporting documents which give the methodological guidelines and tools. These documents are available under: http://ec.europa.eu/europeaid/how/evaluation/evaluation_reports/2008/budget_support_en.htm

[3] The methodology group is an initiative of the Evaluation Unit of the Europe Aid Co-operation Office of the European Commission. The Steering Group on budget support further includes the evaluation departments of Belgium, Canada (CIDA), Denmark (DANIDA), Finland, France (AFD), Germany (BMZ), Ireland (Irish Aid), the Netherlands (IOB), Norway (NORAD), Sweden (Sida), The United Kingdom (DFID) and the OECD/DAC secretariat.

[4] Caputo, E., A. Lawson and M. van der Linde (2008), *Methodology for Evaluations of Budget Support Operations at Country Level, Issue Paper*, DRN-ADE-EC-NCGECORYS.

[5] Methodological Details, 2009

description of the methodology, while the second one[6] proposes evaluation tools for assessing Step 2 of the methodology, which is about evaluating the outcomes and impact of government strategies. This methodology is being applied in several countries and will be used for an assessment of the results of the budget support modality.

These Terms of Reference (ToR) envisage the design for an evaluation of budget support in Tanzania, based on the above mentioned approach. One of the purposes of this evaluation is to provide evidence on the extent to which budget support has contributed to the achievement of its intended objectives. The evaluation will rely as much as possible on existing evaluations and data. This includes the important work that has been done for MKUKUTA/MKUZA Review.

The next section (2) sketches the background with the development of general budget support in Tanzania and a brief overview of evaluations of general budget support in the country. Section 3 includes the objectives and mandate of the evaluation. Section 4 defines the scope and section 5 formulates the evaluation questions. Section 6 discusses the methodology. Section 7 describes the key deliverables and section 8 sketches the evaluation phases. Section 9 ends with the proposed organisation and planning.

2. BACKGROUND

2.1 Budget support in Tanzania

General Budget Support

In January 2006, the Government of Tanzania (GoT) and 14 development partners signed the *GBS Partnership Framework Memorandum* (PFM).[7] This Framework Memorandum sets out the principles and terms for the partnership between Government and GBS partners for a five year General Budget Support for MKUKUTA implementation. The overall objective is to contribute to Tanzania's economic growth and poverty reduction through:

- providing financial resources to the public sector to be used for these goals;
- improving aid effectiveness, country ownership, public expenditure and financial management;
- improving monitoring and evaluation and ensuring mutual accountability;
- engaging in policy dialogue in order to enrich the country's strategies for growth and poverty reduction;
- strengthening and using the national planning and budgeting process.

[6] Compernolle, Phil and Antonie de Kemp (2009), Tools for "Step 2": The evaluation of the impact of government strategies, The Hague, IOB. The authors have written this paper in close collaboration with and with an important input from Prof. Jan Willem Gunning and Prof. Chris Elbers.

[7] Signatories to the Framework Memorandum are the Government of Tanzania, African Development Bank, Canada, Denmark, European Commission, Finland, Ireland, Japan, Germany, The Netherlands, Norway, Sweden, Switzerland, United Kingdom, and the World Bank.

Table 1: *Total Official Development Assistance (disbursements) by Aid Modality for FY 2002/2003 -2008/2009 (million USD)*

	2001/ 2002	2002/ 2003	2003/ 2004	2004/ 2005	20005/ 2006	2006/ 2007	2007/ 2008	2008/ 2009
Budget Support	312	283	385	412	530	652	749	738
Basket Funds		147	184	259	282	284	256	369
Project Funds	332	496	450	556	591	473	986	943
Total disbursements	644	926	1,019	1,227	1,403	1,409	1,991	2,050

Sources: Calculation based on Tanzania Assistance Strategy Annual Implementation Reports; GBS annual Review report 2007 and ODI 2008. USD conversion based on the average exchange rate for that specific year. Estimates for 2008/2009 based on total GBS for that year and a presentation of the composition of aid by MoFEA.

That same year, 2006, GoT and Development Partners also agreed on the Joint Assistance Strategy for Tanzania (JAST) as a broad framework for all partners. Under the JAST, DPs have committed themselves to align their support to Government poverty reduction priorities and to facilitate domestic accountability and the use of government systems. Moreover, the JAST calls for the move to the Government's preferred aid modalities.[8] For the Government of Tanzania, general budget support is the preferred aid modality. For the government, GBS has the following advantages over alternative modalities:

- GBS increases national ownership over external resources;
- GBS makes aid contributions more predictable and therefore easier to implement in the national poverty reduction programme;
- GBS reduces transaction costs;
- GBS enhances domestic accountability.

For development partners, the intervention logic for budget support in Tanzania resembles the logic as sketched in the general literature. Central is the idea that budget support will *improve the results* of aid (in comparison with projects).

Until 2005, the provision of budget support was closely linked to Tanzania's Poverty Reduction Strategy (PRS) and the Performance Assessment Framework (PAF). This approach was maintained when the GoT introduced its successors, the MKUKUTA, the National Strategy for Growth and Reduction of Poverty and the MKUZA, the Zanzibar Strategy for growth and Reduction of Poverty. The MKUKUTA, adopted in 2005, is based on Tanzania's National Vision 2025, established in 1999. Likewise, the MKUZA is linked to the Zanzibar Vision 2020. The Medium Term Expenditure Framework (MTEF) translates the MKUKUTA/ MKUZA into (fundable) activities.

The PAF is the main instrument for the monitoring of the progress on agreed actions and objectives. The Partnership Framework Memorandum and PAF are the basis for the GBS resource allocations. The Annual Review of GBS aims at monitoring and assessing Government and GBS Partner's performance in meeting their commitments as agreed in the GBS Partnership Framework Memorandum and the PAF. Based on the joint assessment, GBS Partners give an indication of their disbursements for the next financial year. Already in 1989, the Annual Public Expenditure Review (PER)

[8] Development Partner Group (2006), Tanzania Joint Program Document.

was introduced to monitor the depletion of the budgets. In 2002, the GoT and development partners created an Independent Monitoring Group (IMG). This group conducts evaluations every two years on progress on the implementation of national and international agreements on aid effectiveness.

The PAF is linked to the MKUKUTA, but also embodies priorities, targets and demands of individual development partners.

For the fiscal year 2007/2008, budget support was about TSh 881 billion (USD 749 million), about 38% of the total disbursements of the development partners (total ODA). Additional aid was targeted to public investment to accelerate economic growth. In 2009/2010, GBS made up to 12% of the government budget.

In 2005/2006 Development Partners concluded that the positive trends in PFM and the well received MKUKUTA justified an increase of GBS as share of the ODA commitments. At this moment DPs appear to be more critical. They feel that there is lack of progress on the new poverty strategy, on equity issues, on improving the enabling environment for business development and on the performance of the PFM system. At the same time, the Government criticises the lack of predictability of donor funds and the detailed interference of development partners threatening local ownership and accountability.[9]

Sector Budget Support

During the evaluation period (2006 – 2010), the SBS was provided to the Government of Tanzania through 2 programmes. The first one is financed by the European Commission in the transport sector (Road Transport Sector Policy Support Programme), with an allocation of 70 mil. Euro for the period 2009 – 2013. The second programme is financed by Canada in the education sector (Education Sector Policy Support Programme) and has a total budget of 43.5 mil. Euro allocated for the period 2006 – 2010.

2.2 Evaluation studies

In 2003, NORAD and Sida published the results of an evaluation of new aid modalities and donor harmonisation in Tanzania. Two years later, in 2005, a group of consultants reported on the results of a joint evaluation of general budget support in Tanzania, conducted in 2004. This evaluation preceded the multi-country Joint Evaluation of General Budget Support, published in 2006. However, the evaluators could not provide evidence of a relationship between provided funds and causes for decrease in poverty levels (see p. 140-141). Also in 2006, the European Commission published the results of the European Commission's support to the United Republic of Tanzania. In 2007, AFRODAD came with a critical assessment of aid management and harmonisation in Tanzania. Several development partners evaluated their country program in Tanzania, for instance World Bank (IEG, 2000), DANIDA (2002), Canada (CIDA) in 2006, Japan (2006), AFDB (2006) and Sweden (2006). Recently, the effectiveness of aid was evaluated as part of the Mkukuta/Mkuza Review (ESRF

[9] See also ESRF (2010).

2010). This qualitative review of aid effectiveness mainly sketches the development of aid and challenges in the relations between GoT and development partners. At the moment, DFID and Irish Aid are evaluating their country programmes in Tanzania. Furthermore, a joint evaluation of anti-corruption efforts and an evaluation of the EC support to the decentralisation process are also on-going, with Tanzania being among the case studies in these two evaluations.

3. OBJECTIVES AND MANDATE OF THE EVALUATION

The main objective of the evaluation is to assess to what extent the General Budget Support (GBS) and Sector Budget Support (SBS) in Tanzania contributed to achieve sustainable results on growth and poverty reduction by successfully giving means to the partner government to implement its national / sector strategy, as formulated within the MKUKUTA and MKUZA framework and to enhance the efficiency and effectiveness of its policies, strategies, and spending actions.
The evaluation should pay some attention to other aid modalities (basket funds, projects), in order to assess, is possible, the complementarity and synergy between them, taking into account the Tanzanian context.

The evaluation will take stock of what has been achieved with the main purpose to be forward looking and allow for lessons learnt and recommendations to inform on:

- the conditions under which GBS/SBS has an effect (or not) and the possible intensity and nature (positive or negative) of such effect in Tanzania;
- the design and implementation of future GBS/SBS operations in Tanzania;
- improvements to be set up by the donors to maximize GBS/SBS impacts in Tanzania;
- constraints in government policies, institutional structures and administrative arrangements within Tanzania, which might impede the overall effectiveness and impact of spending actions and targeted public policy.

4. SCOPE

4.1 Temporal and geographical scope

The main part of the scope of the evaluation is the general budget support and sector budget support operations from 2006 until 2011. The evaluation will consider the support provided by all donors together (i.e. African Development Bank, Canada, Denmark, European Commission, Finland, Ireland, Japan, Germany, The Netherlands, Norway, Sweden, Switzerland, United Kingdom, and the World Bank).

The field phase of the evaluation will take place in Dar Es Salaam, combined with a limited number of missions in Tanzania, outside the capital.

4.2 Thematic scope

As part of the analysis of the results of GBS/ SBS, the evaluation shall be focused mainly on the following sectors: energy, agriculture, transport, education, health (including HIV AIDS) and water and sanitation. Two in-depth case studies will be done by the evaluation team for two of the above mentioned sectors. The specific

sectors for in-depth case studies will be proposed by the Management Group. As most part of the funding was provided through GBS, the results of this aid modality at macroeconomic level and on public financial management should be given special attention. The above mentioned sectors have been chosen because they represent areas on which the most part of the indicators provided in the PAF have been focused.

The evaluation should also pay some attention to the support provided through basket funds and projects in the sectors where case studies will be elaborated (see section 4.2), in order to see if it is possible to provide a comparison of the results of the different aid modalities used in Tanzania. The complementarity and synergies between these modalities should also be assessed.

In particular, the evaluation will regard:

i. the *inputs* provided through GBS and SBS arrangements over the period concerned;
ii. the identification of possible specificities and complementarities (including specific value added) or trade offs among the different development partners in the GBS/ SBS design and implementation;[10]
iii. the performance of the GBS/ SBS inputs, in terms of *direct and induced outputs*;
iv. the changes related to GBS/ SBS (including level, quality and sustainability) which have occurred during the period under evaluation as regards the *outputs, outcomes and impacts* of government policies, strategies and actions, and the key causal factors driving those changes;
v. the extent to which GBS and SBS have contributed to the results identified at the outcome and impact levels and the sustainability of these outcomes and impacts, considering both positive contributions to public policy-making and implementation processes and any (unwanted) negative side-effects which may have arisen;
vi. the overall relevance of the GBS/ SBS arrangements in view of the evolving partner country and sector specific contexts, the aid policies and the related goals;
vii. the efficiency of GBS/ SBS operations, considering both the process and the relation between effects (direct outputs, induced outputs and outcomes) and inputs;
viii. the consideration of recommendations from previous budget support evaluations, in the GBS/ SBS (design and implementation) under evaluation.

5. EVALUATION QUESTIONS

The following paragraphs refer only to the evaluation of budget support operations. For comparing the results of the different aid modalities as well as for analysing the complementarity and synergies between them, the evaluation team should propose a specific approach.

[10] The specific effects of such individual donors' features, however, will be further assessed only when differences among donors appear as the cause of specific, identifiable positive or negative effects. This assessment shall never jeopardise the consideration of GBS as a whole

The evaluators are required to follow the methodology of budget support evaluation outlined in section 6.1 of these terms of reference. The methodology and its three steps approach are based on a logical framework which sets out a hypothesised sequence of effects of budget support and allows them to be systematically tested.

The Evaluation Framework is divided into five levels as follows:

Level 1: The GBS/ SBS inputs
Level 2: The Direct Outputs
Level 3: The Induced Outputs
Level 4: The Outcomes
Level 5: The Impacts.

For the first level of the framework (inputs), the evaluators should provide a description of the following elements:

- Inputs provided and the extent to which they correspond to the envisaged GBS/SBS inputs;
- Evolution of budget support conditionalities over the evaluation period;
- Consistency of budget support operations put in place with the country's strategic and policy framework and with the overall DPs development strategies;
- Adaptation of the design (including the mix of GBS/SBS inputs) to the specific political, economic and institutional context;
- Contribution of budget support to the provision of non-financial inputs, such as technical assistance and capacity building which are strategic and focused on government priorities.

The above mentioned elements can be revised in order to adapt them to the Tanzanian context. Any revision has to be approved by the Management Group of the evaluation.

For the other 4 levels the evaluators shall answers the following evaluation questions:

<u>Level 2: Direct outputs:</u>

- To what extent has budget support contributed over time to an increased size and share of external funding subject to government's budgetary process, and improved predictability and alignment of aid flows overall?
- To what extent has budget support contributed to the establishment of a framework of policy dialogue between DPs and GoT, focused on key government strategies and priorities?
- To what extent has budget support contributed to harmonisation of external assistance, and reduced transaction costs over time for the DPs and GoT?

<u>Level 3: Induced outputs:</u>

- To what extent have there been improvements in national revenues, fiscal discipline and macroeconomic management and how far has budget support contributed?
- To what extent did budget management and overall Public Finance Management improve and how far has budget support contributed to those improvements?
- To what extent have there been improvements in the quality of policy processes and policy implementation (including ownership and transparency), and how far has budget support contributed to those improvements?
- How have the level and composition of public spending (including changes in adopted budget allocation) changed and with which main consequences for the production of public goods and services?
- To what extent have there been improvements in governance and democratic accountability, particularly regarding the relative roles of Parliament and Civil Society in relation to the budget?
- To what extent did the rule of law improve in the country?

Level 5 + 4: Impacts and outcomes

- How did the economy perform and interact with the economic and institutional environment?
- How did the overall livelihoods (impact), including citizens' security and access to services (outcome), of the target groups change over time?
- To what extent have there been changes in the income of the citizens and the income distribution with a special focus on the poorest part of the population?
- To what extent can significant changes be identified in key cross cutting issues in the society, such as gender equality, good governance and democratic accountability, environment protection and youth participation?

Level 4 + 5: Determining factors of change

- To what extent can changes in the performance of the economy be related to changes in macroeconomic and fiscal management and/or changes in other government policies or policy processes, and/or to other external or internal factors?
- To what extent can changes in the overall livelihoods, including citizens' security and access to and use of services, be related to changes in government policies or policy processes, and/or to other external or internal factors?
- To what extent can changes in the income of citizens and in the income distribution be related to changes in government policies or policy processes, and/or to other external or internal factors?
- To what extent can changes in some key cross-cutting themes be related to changes in government policies or policy processes, and/or to other external or internal factors?

The above mentioned evaluation questions can be revised in order to adapt them to the Tanzanian context. Any revision of these evaluation questions has to be approved by the Management Group of the evaluation.

Further, in step 3 of the methodology, the role of budget support as a factor of change or as a leverage for change must be highlighted.

The evaluation team will formulate judgement criteria (JCs) for each of the above mentioned evaluation questions (EQs). The JCs will be clearly linked to the EQs and at the same time adapted to the specific context in Tanzania and the specific aspects of the budget support operations to be evaluated. This will be done during the inception phase of the evaluation.

6. METHODOLOGY

6.1 General approach

Evaluators are required to follow the Methodology for the evaluation of budget support, consisting of three steps:

- The *first step* aims at an assessment of the inputs provided by budget support and their effect on the relationship between external assistance and the partner country's budget and policy processes (direct outputs) as well as the induced changes in the financing and institutional framework for public spending, public policy, policy management and service delivery (induced outputs).
- The *second step* aims at an assessment of the outcomes (beneficiaries' responses) and impacts (e.g. sustainable growth, poverty reduction, etc.) which are realised by the government policy related to the explicit aims of budget support.
- Finally, based on the findings in step one and two, *step three* aims at a synthesis and conclusions in which way budget support has contributed to changes (intended but also unintended) in the partner country. It should allow matching the results of the two previous steps and help identifying the related links, if any, thereby completing the contribution assessment on the causal relationship between GBS/SBS and the government strategy outcomes.

An in depth description of the approach and a more specific methodological guidance for the evaluation of budget support operations, is presented in the supporting documents available under:
http://ec.europa.eu/europeaid/how/evaluation/evaluation_reports/2008/budget_support_en.htm

As already mentioned in section 5, the above mentioned methodology applies only for the evaluation of budget support operations. In order to cover the other parts defined in the scope of the evaluation, namely the analysis of the complementarity and synergies between the different aid modalities, and the comparative analysis of the results of the different aid modalities, the evaluation team should propose a specific approach.

For the sector case studies, the evaluation aims to combine a qualitative analysis (building on the literature and interviews) with a statistical evaluation. The statistical impact analyses will be based on administrative data and existing household surveys.

6.2 Available information

The evaluation will rely as much as possible on existing evaluations and data. For the first part of the evaluation (or step one), the ongoing assessment of the country programs of DFID and Irish Aid will be an important source (among other sources).

For the analysis of the impact of the government policies (or step two), the evaluation will rely as much as possible on the recent studies for the MKUKUTA review as well as available Public Expenditure Reviews (PER) and Public Expenditure Tracking Surveys (PETS). Important examples are for instance the *Poverty and Human Development Report 2009* and the growth and distribution study for the MKUKUTA Review.[11] Both studies also include a beneficiary incidence analysis. For the *Health* sector, the evaluation will be able to build on the results of recent evaluations of the health sector, such as the Health Sector PER Update 2008, the Joint External Evaluation (2007) and the SPA evaluation of the Health Sector.[12] It must be noted, however, that these evaluations do not include an analysis of effectiveness and/or impact of external support to the health sector support. The *Joint External Evaluation of the Health Sector* in Tanzania (1999-2006) reports extensively on health sector reforms, human resources, financing levels and service quality outcomes. For the education sector, the recent Public Expenditure Tracking Survey is an important source.[13] An example for the Agriculture sector is the contribution to the MKUKUTA Review.[14] The recent evaluation of the effectiveness of development cooperation is an important source of information for the qualitative analysis.[15]
The evaluation should also be coordinated with the on-going joint evaluation of anti-corruption efforts, where Tanzania is among the case studies.

6.3 Risks and challenges

Like all evaluations, the evaluation faces a number of risks and challenges:

1. The evaluation can only be successful with the collaboration of GoT and especially of the Ministry of Finance and Economic Affairs. At the same time, the evaluation is in the interest of both DPs and GoT, as the evaluation seeks to contribute to an improvement of the effectiveness of budget support operations in Tanzania.

[11] See Ministry of Finance and Economic Affairs (2009), Poverty and Human Development Report 2009 and Adolf F. Mkenda, Eliab G. Luvanda and Remidius Ruhinduka (2010), Growth and Distribution in Tanzania, Recent Experiences and lessons.

[12] COWI/Goss Gilroy inc/EPOS (2007), *The Health Sector in Tanzania 1999-2006, Joint External Evaluation*, Copenhagen, Ministry of Foreign Affairs of Denmark. Smith, Gregory (2009), Sector Budget Support in Practice, Desk Study, London, ODI/Mokoro and Ministry of Health and Social Welfare (2009), *Health Sector PER Update 2008*, Dar es Salaam.

[13] Jens Claussen and Mussa J. Assad (2009), *Public Expenditure Tracking Survey for Primary and Secondary Education in Mainland Tanzania*, Dar es Salaam, Ministry of Education and vocational Training.

[14] Lucian Msambichaka, Eliab Luvanda, Oswald Mashindano and Remidius Ruhinduka (2010), *Analysis of the performance of agriculture sector and its contribution to economic growth and poverty reduction*, Dar es Salaam, University of Dar es Salaam.

[15] ESRF, *Assessment of Effectiveness of Development Cooperation/External Resources and Partnership Principles in context of the MKUKUTA/MKUZA Review*, Dar es Salaam.

2. The availability and quality of data may be a problem. The evaluation will rely on existing data and information. A first inventory of available data and recent and ongoing evaluations suggest that the proposed approach can be applied. The inception report will have to provide more information about the feasibility of the suggested approach.
3. The analysis of macroeconomic impacts will be one of the main challenges. However, the evaluation seeks to combine qualitative and quantitative methods. Moreover, a few excellent studies, providing important information, are already available.
4. Intitiatives of individual development partners for an evaluation of budget support may pose a challenge. In this respect it is important that many evaluation departments support the proposed evaluation.

7. KEY DELIVERABLES

Additional to the key deliverables and as the very first document, a financial and technical proposal is required and has to be accepted before any of the key deliverables become due. More information on the content of the financial and technical proposal is presented in annex 3.

Following approval of the technical and financial proposal, the key deliverables are:

- the inception report
- the desk report
- a presentation of the preliminary findings
- the draft final report
- the final report
- the minutes, conclusions and recommendations of a national seminar in Tanzania.

All documents will be written in English.

The final evaluation report should include an executive summary of no more than 5 pages. The length of the final main report should not exceed 70 pages. Additional information should be included in the annexes.

The inception report as the first of the key deliverables requires formal approval, accompanied by a formal authorization to continue with the evaluation. Without the authorization to continue, the evaluation comes to a halt and may be terminated. All other key deliverables are only due if the formal approval of the inception report and the authorization to continue has been given. The delivery of the documents follows the phasing of the evaluation according to the timing given in section 9.3 of these terms of reference.

8. STANDARD PHASES AND ACTIVITIES

The work to be carried out can be divided into five phases. The details of each of these are outlined in the following sections.

8.1 The preparatory phase

The preparatory phase aims at involving the different stakeholders in Tanzania and to clarify the roles of everyone. The phase also includes a check on the availability and quality of existing data. The evaluation starts with an *initial meeting* with the Management Group to discuss requirements stated in the ToR and to discuss the preliminary documentation. This phase ends with the submission and the discussion of a preliminary note.

8.2 The desk phase

The desk phase is articulated in two sub-phases:

- a first sub-phase leading to (the drafting of) the inception report (inception).
- a second sub-phase leading to (the drafting of) the desk report (reporting).

8.2.1. Inception sub-phase

The inception sub-phase is aimed at structuring the evaluation and consists of:

i. a preliminary desk-based review of documentation and the acquisition of most of the documentation available,
ii. the identification of the main specific features to be introduced in the comprehensive evaluation framework and the ensuing presentation,
iii. discussion of and agreement on the preliminary framework and preliminary list of Judgement Criteria (JCs) for the Evaluation Questions (EQs) with the Management Group.

The preparatory phase and the inception sub-phase will imply a visit to the partner country of no less than 10 days, by the core members of the evaluation team.

At the end of this sub-phase, the evaluation team prepares a presentation including a preliminary framework and a preliminary list of JCs linked to the EQs to be submitted to the Management Group in an *inception meeting* for discussion and agreement.

The principal objectives of the inception meeting are:

- to review with the Management Group the main motivations for the evaluation and the key concerns to be addressed;
- to discuss the preliminary framework and intervention logic, in order to identify the main specific features to be introduced in the Comprehensive Evaluation Framework, and a preliminary list of JCs related to the EQs;
- to identify the sources of information necessary for the evaluation;
- to collect whatever documentation and data available immediately and make arrangements for the compilation / preparation of data in the areas where there are gaps;
- to clarify the management arrangements for the evaluation, both within the evaluation team and in relation to the Management Group;

During this phase the evaluation team will get a good understanding of the budget support arrangements being evaluated and of the key features of the partner country context.

This inception sub-phase will end with the submission of the inception report. This report is the finalisation of the presentation made at the inception meeting, including the outcome of the discussions occurred in the meeting. It will consist of a number of charts (preliminary framework, intervention logic, relation between the content of the framework and EQs), and tables (basic documentary references, JCs list linked to EQs, relation between EQs and evaluation criteria), and the related presentation. On this basis, an agreement on the specificities to be considered in the framework and the list of the EQs and related key JCs must be reached.

Formal approval of the inception report with the official authorization to continue with the evaluation will be sent by the **European Commission.**

8.2.2. Desk report sub-phase

The desk report sub-phase consists of:

i. a more detailed desk-based review of documentation,
ii. the undertaking of a first set of interviews with relevant stakeholders,
iii. the finalisation of the framework and finalisation and completion of JCs,
iv. the construction of a data base.

Following the submission – and approval - of the inception report, the evaluation team will review the additional information and documents collected. This phase will be concluded with the submission of a desk report. The main points to be included in the desk report are presented in annex 2.

This desk report will have to be approved by the Management Group prior to the principal field mission. Formal approval will be sent by the **European Commission**.

8.3 The field phase

At this stage of the evaluation, most of the underlying analysis of available data for the evaluation will be completed and all remaining data gaps need to be addressed.

Specific tools will be used to collect missing information. These tools will be combined to ensure rigorous conclusions and provide operational recommendations.

At the end of this phase the evaluation team will present preliminary findings to the Reference Group (RG) and the Management Group (MG) of the evaluation. The findings will be presented and discussed during a formal de-briefing meeting, through the sub-mission of an aide memoire. The main points to be included in this aide memoire are presented in annex 2.

8.4 The analysis and synthesis phase

Immediately after the de-briefing meeting and receipt of written comments from the Management Group the evaluation team will start on the overall analysis of the collected information.

Based on the overall analysis and synthesis of information, the evaluation team shall prepare a first draft of the evaluation report, which fulfils the objectives of the evaluation, whilst addressing all the evaluation questions.

The draft report will be presented to the Management Group of the evaluation. The key stakeholders will be allowed enough time to comment on the draft report, both to point out any omissions or errors and to provide feedback on the conclusions and operational recommendations.

The evaluation team will submit the draft final report in conformity with a structure previously agreed with the Management Group. Comments received following the meeting with the Management Group should be taken into consideration without compromising the independence of its value judgments.

The evaluation team may either accept or reject the comments but in case of rejection of the comments it must justify (in writing) the reasons for rejection (these comments and the evaluation team's responses are annexed to the report).

The draft final report should also be presented to a wider range of stakeholders during a meeting organised in Europe.

The final report will be prepared based on the comments of the Management Group and the Reference Group and will have to be approved by the Management Group. Formal approval will be sent by the **European Commission**.

110 copies of the Final Main Report must be sent to the Joint Evaluation Unit with additional 10 reports with all printed annexes. A CD-Rom with the Final Main Report and annexes has to be added to each printed copy.

The evaluators have to hand over in an appropriate electronic format all relevant data gathered during the evaluation.

8.5 The dissemination phase

It is essential that the draft final report is presented in Tanzania to the development partners, the national core stakeholders involved in budget support and to the wider community of political leaders, government officials, academics, CSOs, private sector representatives, to whom the findings and recommendations would be of interest. A seminar will be organized to disseminate the results of the evaluation. The evaluation team shall prepare a presentation for the seminar and should take the minutes.

Up to 100 copies of the draft final report with annexes on CD-Rom have to be delivered to the EU Delegation in Tanzania before the seminar; electronic version of the report and the annexes has to be provided to the Joint Evaluation Unit.

The costs for the organization of the seminar in Tanzania (logistics) should be included in the budget and should cover:
- renting of a room for at least 60 persons in a hotel or other type of venue;
- renting of necessary equipment for sound and projection;

- Still water and glasses for the participants during the day of the seminar;
- Coffee or tea during the breaks (morning and afternoon);
- Lunch type buffet (warm food) with non alcoholic drinks.

The final report will be revised in order to take into account the comments made during this seminar.

9. ORGANISATION AND PLANNING

9.1 Responsibility for the management of the evaluation

The evaluation is supported by the evaluation departments of many development partners, i.e. Belgium (DGDC), Canada (CIDA), Denmark (DANIDA), European Commission (DEVCO), Germany (BMZ), Finland, Ireland (Irish Aid), Netherlands (IOB), Norway (NORAD), Sweden (Sida), Switzerland (SECO), United Kingdom (DFID). For a successful evaluation, the cooperation and participation of the Government of the United Republic of Tanzania (Ministry of Finance and Economic Affairs and relevant line Ministries) is also a prerequisite.

The evaluation will be led by a *Management Group*, consisting of the evaluation departments of the Netherlands (IOB), Ireland (IrishAid), Denmark (DANIDA) and European Commission (DEVCO) (lead) and the Ministry of Finance and Economic Affairs in Tanzania. The Management Group is responsible for the (timely) realisation and quality of the evaluation. This includes:

- assurance that evaluation is supported by and accompanied by the Tanzanian government and that key stakeholders are involved in the budget support evaluation;
- maintenance of regular contacts with GoT, evaluation team, Steering Group and Reference Group, including the preparation of consolidated comments to the various reports prepared by consultants;
- approval of the Terms of Reference;
- financing of the evaluation;
- organisation of the evaluation;
- composition of the evaluation team in accordance with the ToR and DAC quality standards;
- overseeing the work of the consultants including approval of reports;
- communication to immediate stakeholders and the wider development community;
- development and implementation of a dissemination strategy;
- ensuring that the evaluation methodology will be followed and that it responds to DAC quality standards.

The overall approach of the Management Group will be to work in a transparent manner based on regular consultations with the Country Reference Group and the Steering group (see below).

The Management Group will establish a Country *Reference Group* to:
a) serve as a resource and provide advice and feedback to the Management Group and evaluation team;
c) review the inception report;
d) review the draft reports.
The Country Reference Group consists of key government stakeholders and interested development partners (providing budget support in Tanzania).

Apart from the Country Reference Group, there will be a *Steering Group* consisting of the evaluation departments of Belgium (DGSC), Canada (CIDA), Denmark (DANIDA), European Commission (DEVCO), Germany (BMZ), Finland, Ireland (Irish Aid), Netherlands (IOB), Norway (NORAD), Sweden (Sida), Switzerland (SECO), United Kingdom (DFID) as well as the Ministry of Finance and Economic Affairs in Tanzania. The role of the Steering Group is to:
a) approve Management Group membership;
b) review the inception report;
c) review the draft reports.

Academic experts in the field of budget support and development cooperation in Tanzania will be commissioned to comment on the inception report and draft reports for quality assurance. These experts shall not be involved in the evaluation. The Management Group will select the experts. The experts report to the Management Group and the Management Group will attach their opinion to drafts sent to the Steering Group and Country Reference Group.

9.2 Evaluation team

The *Evaluation Team* will carry out the evaluation and may consist of (international) experts as well as national (Tanzanian) experts. It is highly recommended that Tanzanian experts will have an important role in the evaluation. However, the nationality will not have an impact on the selection of the winning offer. The evaluation team is responsible for:

- work plan and application of the agreed methodology;
- preliminary note;
- inception report;
- desk report;
- draft and final report(s);
- writing the minutes of the seminar organised during the dissemination phase.

The team leader should have:

- at least three references as team leader for multi-disciplinary evaluation teams;
- strong experience of budget support modalities and budget support evaluation techniques;
- a thorough knowledge of development cooperation in Tanzania.

The evaluation team must have a thorough knowledge of and experience with:

General qualifications:

- development cooperation in general;
- different evaluation methodologies

Adequacy for the assignment:

- budget support modalities;
- techniques for the evaluation of budget support;
- macroeconomics;
- public finance management;
- political science;
- the following sectors: energy, agriculture, transport, education, health (including HIV AIDS) and water and sanitation;
- econometrics and statistics;

Experience from the region:

- development cooperation in Tanzania.

The tenders should clearly state which of the proposed team members cover which of the above qualifications.
The tenders should also clearly state which tasks proposed team members are supposed to take responsibility for and how their qualifications relate to the tasks (if this is not self-evident from their profile).

All members must have higher relevant academic degree and must be fluent in English. Experts must be strictly neutral. Conflicts of interests must be avoided.

The consultants should provide the administrative support needed for organising the meetings of the evaluators with different actors during the evaluation process. Tenders should specify how they will manage the evaluation team and ensure optimal use of resources in the team.

9.3 Proposed planning

The meetings and dates mentioned in the following section may be changed with the agreement of all concerned.

Table 2: *Planning*

Evaluation phases and stages	**Activities and reports**	**Planning**	**Meetings[16] / Communications**
	Signature of the contract	December 2011	Formal contract
Preparatory phase	Preparatory mission of the evaluation team and document Review		Meeting of the evaluation team with stakeholders in Tanzania;
Inception phase	Draft inception report		
	Discussion and approval of the inception report		MG meeting and RG meeting
Desk report phase	Draft desk report		
	Approval of the desk report		MG meeting and approval by MG
Field phase	Gathering information from different sources.		
	Presentation of preliminary findings		MG meeting and RG meeting
Synthesis phase	Writing of the draft final report		
	First draft of the draft final report		
	Discussion of the draft final report		MG meeting and RG meeting A formal exchange of letters between the evaluation team and the contracting donor agency confirms the approval of the draft final report
Dissemination phase	Preparation and organisation of a seminar		Seminar organised in Tanzania Up to 100 copies of the draft final report with annexes on CD-Rom have to be delivered to the Delegation before the seminar; electronic version of the report and the annexes has to be provided to the Joint Evaluation Unit
	Presentation and discussion of the draft final report		MG, RG and headquarter Evaluation Service + all stakeholders concerned in 1 additional meeting organised in Europe
	Final report	March 2013	A formal exchange of letters between the evaluation team and the contracting donor agency confirms the approval of the final report 110 copies of the Final Main Report must be sent to the Joint Evaluation Unit with additional 10 reports with all printed annexes. A CD-Rom with the Final Main Report and annexes has to be added to each printed copy.

9.4 Cost of the evaluation

The overall costs include:

- The evaluation study;
- 2.5% of the total fees of the experts are to be used for quality control;

[16] The consultant should participate in the meetings of the MG as well as in the last additional meeting to be organised in Europe;

- Cost and organisation of a seminar in Tanzania during the dissemination phase (including logistics);
- Additional costs: printing and delivery of reports.

The total cost must not exceed € 450 000.

Annex Two: Matrix of responses to Evaluation Questions

EQ 1.1	**Which Budget Support inputs were provided? To what extent were they consistent with the inputs envisaged in the Budget Support agreements, and delivered in a manner consistent with the Partnership Framework Memorandum of 2006?**		
Stage of Evaluation and Level of the Intervention Logic	Step One, Level 1: Inputs		
Evaluation criterion (or criteria)	Efficiency in implementation (including harmonisation & alignment, as well as transparency)		
Scope of analysis and justification for its inclusion	This question aims to analyse firstly which inputs were provided through the SBS and GBS programmes and related capacity-building arrangements covered by the evaluation, secondly, to what extent they were consistent – in terms of quantity, quality, and timeliness - with the inputs envisaged in the programme documents and agreements, and thirdly if they were delivered in a manner consistent with the Partnership Framework Memorandum. Thus, EQ 1.1 analyses the efficiency with which programme agreements and agreed principles have been transformed into actual inputs, taking harmonisation & alignment as aspects of efficiency. The criterion assessed is that of efficiency, although analysis is limited to levels 0 → 1 of the Intervention Logic.		
Judgement Criteria	***Summary Response & Reference to Main Report (where relevant)***	***Source of information***	***Quality of evidence***
1.1.1 The Budget Support funds committed by the Development Partners have been disbursed on time to the Exchequer account in the BoT, as envisaged in the	○ BS disbursements have comprised on average 14% of total spending and 37% of ODA over the evaluation period. (2.1, Figure 2 & Table 5) ○ Procedures established in the Partnership Framework Memorandum for reporting on the	Own computation from data provided by MoFEA (External Resources Dept.)	*Strong*

Budget Support agreements.	planned GBS/SBS disbursements for the forthcoming year, have ensured actual annual disbursements have generally exceeded planned disbursements. (2.1, Figure 3) ○ Looking at quarterly disbursements within the year, GBS/SBS disbursements in the first two quarters of the year have tended to be delayed (2.1, Figure 4) ○ However, the gap is not generally large and there is no sign of "spikes" in T.Bill rates as a result (2.1, Figures 4 & 5). It is not clear if other types of treasury management problems have emerged.	Own computation from data provided by MoFEA Ext Resources Dept. Data from BoT on 90 day T. Bill rates.	*Strong* *Indicative but not conclusive*
1.1.2 Technical assistance and capacity building inputs have been provided as envisaged in the GBS/ SBS agreements and related capacity-building programmes.	○ Small minority of GBS/SBS agreements include provisions for TA; some DPs have project-based TA arrangements to provide TA to address capacity gaps identified through BS but in both cases, these facilities are reported to have under-disbursed because there is no demand for TA from GoT. (2.4) ○ GoT interlocutors express dissatisfaction with experience of TA use and a lack of trust in the ability of TA staff to work for GoT rather than for their DP financiers. (2.4) ○ GoT reports that TA too often focused on building DPs' capacities (e.g. BSG Secretariat and related working groups), when these coordination functions should be undertaken by	Analysis of GBS/ SBS agreements. Interviews with BSG members. Focus group with senior GoT officials & interviews with GoT staff and with external TA.	*More than satisfactory* *Indicative but not conclusive* *Indicative but not conclusive*

	GoT. (2.4)		
1.1.3 As agreed in the Partnership Framework Memorandum, a structured and transparent process of assessment of disbursement conditions has been established which is harmonised across the different GBS/ SBS operations, aligned with Government processes of target setting and performance measurement, and efficient in terms of the level of transactions costs it entails.	○ Core essentials of a structured, harmonised assessment and disbursement process had been established in Tanzania from the outset of the evaluation period, and have been largely preserved. (2.2) ○ However, the annual assessment process involves excessive transaction costs and has not worked as a mechanism for constructive policy dialogue, being hampered by a lack of adequate ownership by GoT and technical weaknesses in the PAF indicators.(2.3)	Partnership F/work Memoranda 2006 & 2011; Annual Reviews, Focus groups (BSG and GoT). PAF Annual reviews; Claussen & Martinsen, 2011; Focus Groups & individual interviews with GoT staff and BSG members	*Strong* *Strong*
1.1.4 A mechanism for policy dialogue between the GBS/ SBS DPs and the GoT has been established, which facilitates effective discussion of the strategic policy issues relevant to the implementation of MKUKUTA.	○ Budget Support has not worked as a mechanism for constructive policy dialogue, being hampered by a lack of adequate ownership by GoT, transaction costs, technical weaknesses in the PAF indicators and the absence of a constructive, problem-solving orientation.(2.3) ○ Concerns over mixing roles of "auditing" and "policy dialogue" have emerged during the evaluation process.(2.3)	Focus groups. Interviews. Claussen & Martinsen, 2011. PAF & Annual Review reports.	*Strong*

EQ 1.2	**Have the Budget Support operations been relevant to the strategies and development goals of the Government and its Development Partners and has the balance of inputs and the approach to implementation been appropriate to the economic and institutional context?**		
Stage of Evaluation and Level of the Intervention Logic	Step One, Level 1: Inputs		
Evaluation criterion (or criteria)	Relevance		
Scope of analysis and justification for its inclusion	This question aims to analyse the relevance of the GBS/ SBS operations. It examines the overall budget support "package", considering two dimensions of relevance: firstly, the consistency of the design and focus of the operations with the development goals and strategies of the Government of Tanzania (GoT) and its Development partners (DPs); and secondly, the extent to which the scale of the operations, the input mix and the approach to implementation have been adapted to the specific economic and institutional context of Tanzania, and have evolved in line with changes in that context. The analysis is limited to levels 0 → 1 of the Intervention Logic.		
Judgement Criteria	***Summary Response & Reference to Main Report (where relevant)***	***Source of information***	***Quality of evidence***
1.2.1 The objectives and areas of focus of the GBS/ SBS operations are consistent with the development goals and strategies of the Government of Tanzania	○ Partnership Framework Memoranda 2006 & 2011 and Budget Support agreements establish support to Mkukuta as central objective of GBS/ SBS. (2.2); ○ PAF coverage is also consistent with Mkukuta. ○ However, important aspects of GoT policy, e.g. Agriculture, Energy, Big Fast Results, are covered outside of PAF & GBS/ SBS framework (2.3).	Partnership F/work Memoranda, BS agreements; PAF & Annual Review reports. Documents on GoT policy; interviews with GoT staff	*More than Satisfactory*

1.2.2 The objectives and areas of focus of the GBS/ SBS operations are consistent with the Country Assistance Strategies and the wider development goals of the DPs providing GBS/ SBS.	○ Focus of GBS/ SBS fully consistent with Country Strategies; (2.2); ○ Emphasis on harmonisation & alignment consistent with Paris Declaration/ Accra/ Busan commitments (2.1 & table 6); ○ Shift to increasing use of conditionality in post 2007 period is not consistent with stated policies on conditionality. (2.2)	Selected Country Strategies Policies on Conditionality of WB, DFID.	*More then satisfactory* *Strong* *Indicative but not conclusive*
1.2.3 The overall design and mode of implementation of the Budget Support "package" has been adapted to the economic, political and institutional context of Tanzania and has evolved in line with changes in that context.	○ Budget Support in post 2007 period became more conditional, more sectorally focused and smaller in scale. (2.5) ○ This was stated to be a response to poor performance against the PAF but evidence of a real change in underlying performance is weak (2.5) ○ Stakeholders report that real cause of change was revelation of 2 corruption scandals in 2007 and disappointing results of Household Budget Survey (2.5). ○ There is evidence that increases in conditionality undermined the quality of dialogue. (2.3)	GBS/ SBS agreements, and disbursement data. PAF & Annual Review reports. Focus Groups with GoT & BSG, individual interviews with BSG members.	*Strong* *More than satisfactory* *Indicative but not conclusive* *Indicative but not conclusive*
1.2.3 The lessons of past evaluations of Budget Support in Tanzania and elsewhere have been incorporated in the overall design and mode of implementation of	○ 2005 evaluation warned of capacity gaps but this was given limited attention in GBS/ SBS design, notably in the limited efforts to ensure adequate TA/ Capacity Building. (2.4 & 2.5) ○ 2005 evaluation warnings of likely shortcomings in poverty reduction policy also unheeded. (2.5) ○ 2005 evaluation warned of 'interweaving of policy	2005 Evaluation (Daima Ass. & ODI, 2005); Budget Support agreements Claussen & Martinsen, 2011.	*Strong*

Budget Support.	dialogue and conditionality' but mistake was repeated. (2.3)		

EQ 2.1	**To what extent has Budget Support contributed to increasing the value and the proportion of external funds managed through the national budget process? How far has this contributed in turn to increasing the overall predictability of external resource funding for government activities?**		
Stage of Evaluation and Level of the Intervention Logic	Step One, Level 2: Direct Outputs		
Evaluation criterion (or criteria)	Efficiency, Effectiveness and Sustainability		
Scope of analysis and justification for its inclusion	Two direct effects envisaged from Budget Support are firstly an increase in the absolute and relative level of aid managed through the national budget process (and more generally, through country systems) and secondly an increase in the predictability of aid disbursements. Achieving these direct outputs requires not only that Budget Support should use country systems and disburse predictably but also that these positive effects should not be offset by increased use of parallel systems or increased delays in disbursements via other modalities. EQ 2.1 assesses whether these direct outputs have been realised in Tanzania. The primary criterion assessed is that of efficiency, although the absence of offsetting effects from other aid modalities and the learning effects of use of country systems would also contribute to effectiveness and sustainability of benefits. The analysis addresses levels 1 → 2 of the Intervention Logic.		
Judgement Criteria	***Summary Response & Reference to Main Report (where relevant)***	***Source of information***	***Quality of evidence***
2.1.1 There has been an increase in the amount	○ The share of Budget support in total ODA has fallen to 32 % in the last 2 years. (2.1, Figure 6)	*MoFEA : Aid Management Platform*	*More than satisfactory*

and the share of external aid managed through the national budget process, as a consequence of the flows of budget support funds.	○ The Paris Declaration Monitoring reports of 2008 and 2010 reported an overall increase in the use of country systems but the data do not appear credible. (2.1, Table 6) ○ If use of country systems has increased it has not been a consequence of Budget Support. (2.1)	*Paris Declaration Monitoring Surveys, Budget Support agreements; interviews with stakeholders.*	*Weak* *More than satisfactory*
2.1.2 As a consequence of Budget Support flows, the predictability of aid disbursements as a whole has improved, in respect of annual and quarterly disbursement targets.	○ Actual annual GBS/SBS disbursements have generally exceeded planned disbursements (2.1, Figure 3). ○ Compared with other Aid modalities, BS annual disbursements show greater predictability. But with GBS now a declining % of ODA, overall predicatability of ODA has remained unchanged. (2.1, Figure 3&6) ○ Quarterly disbursement data is not available for projects and CBFs. (2.1)	*MoFEA, Aid Management Platform*	*More than satisfactory*

EQ 2.2	**To what extent has Budget Support contributed to sustainable improvements in the processes and methods of policy dialogue, in terms of institutionalising frameworks, which involve relevant stakeholders, focus on strategy and results, and utilise evidence to draw policy conclusions?**
Stage of Evaluation and Level of the Intervention Logic	Step One, Level 2: Direct Outputs/ Level 3: Induced Outputs
Evaluation criterion (or criteria)	Efficiency, Effectiveness & Sustainability
Scope of analysis and justification for its inclusion	Promoting effective policy dialogue is a fundamental objective of Budget Support. EQ 1.1 examines the nature of the policy dialogue inputs directly associated with Budget Support operations. This EQ considers to what extent such inputs have resulted in a more general and lasting framework for policy dialogue, embracing not only other aid modalities and non Budget Support providing DPs but also

	government actors at sectorial and decentralised levels. It examines whether dialogue has become more evidence-based and more strategic in its focus, addressing the essential policy priorities of government rather than the "pet" interests of DPs or more superficial operational issues. Strictly speaking, the questions at Level 2 relate to immediate changes generated by Budget Support in the interface between external aid as a whole and government systems. The resulting changes in government systems themselves are considered as Induced Outputs, addressed at Level 3. In order to avoid duplication, this question looks at both these levels, and is thus situated at levels 1 → 2 and 2 → 3 of the Intervention Logic. It analyses the effectiveness of inputs on policy dialogue but also the sustainability of such initiatives in creating lasting frameworks for policy dialogue within government and with national stakeholders. It also considers two counterfactuals: firstly, whether such changes could have been generated by other modalities in the absence of Budget Support; and secondly, whether Budget Support could have generated these changes in the absence of any complementary actions through other modalities.		
Judgement Criteria	***Summary Response & Reference to Main Report (where relevant)***	***Source of information***	***Quality of evidence***
2.2.1 A formalised framework for policy dialogue has been established at national, sectorial and (where appropriate) thematic levels, which is properly integrated with national decision-making processes and efficient in terms of transaction costs.	○ A structured framework for policy dialogue, including sectoral and cluster levels has been developed, which is well integrated with national policy structures and with budget cycle. (2.2, 2.3) ○ The structure has high transaction costs, however (2.3)	Partnership F/work Memoranda, Annual Review reports (global & sectoral) GoT & BSG focus groups & individual interviews with GoT and BSG members.	*Strong*
2.2.2 Analysis and debate within these policy frameworks are focused on strategic issues, including notably the results of	○ Annual sectoral and global reviews do focus on priorities of Mkukuta and on service delivery processes. (2.3)	Annual Review reports (global & sectoral) Individual interviews with GoT and BSG members,	*More than Satisfactory*

policy actions and service delivery processes.		including Education & Transport specialists.	
2.2.3 Debate and formulation of conclusions within policy frameworks is increasingly guided by analysis of evidence.	○ Sectoral & national frameworks do include analysis of policy targets & outcomes but it s not clear that the use of evidence has increased. (2.3) ○ PER process was active 2000 to 2007 and has been revived during 2011 and 2012, again suggesting no clear trend. (2.3)	Annual Review reports (global & sectoral); PER documentation Individual interviews with GoT and BSG	*Indicative but not conclusive*
2.2.4 The different frameworks for policy dialogue have placed increasing emphasis on the involvement of relevant national stakeholders, from Government, and the private sector and civil society.	○ A wide range of stakeholders from GoT, private sector, NGOs and the DP community have been involved consistently in these processes since the beginning of the evaluation period. (2.2 & 2.3)	Annual Review reports (global & sectoral); Individual interviews with GoT and BSG Focus Groups with CSOs & Private Sector	*More than Satisfactory*
2.2.5 The development of relevant policy frameworks has been positively influenced by GBS/ SBS processes.	○ GBS processes over 2001 – 2005 were instrumental in establishing a structured framework for policy dialogue at national and sectoral level. (2.2, 2.3) ○ In absence of Budget Support structures might not have been maintained, but there is evidence that quality of dialogue has declined during evaluation period (2.3).	2005 Evaluation; Partnership F/work Memoranda, Annual Review reports (global & sectoral) GoT & BSG focus groups & individual interviews with GoT and BSG members.	*Strong* *Indicative but not conclusive*

EQ 2.3	**To what extent has Budget Support contributed to increased alignment and harmonisation of external aid as a whole and to the reduction of transaction costs per unit of aid provided?**		
Stage of Evaluation and Level of the Intervention Logic	Step One, Level 2: Direct Outputs		
Evaluation criterion (or criteria)	Efficiency, Effectiveness & Sustainability		
Scope of analysis and justification for its inclusion	This EQ seeks to assess the extent to which the harmonisation and alignment of GBS/ SBS inputs (analysed in Question 1.1) may have contributed to the wider harmonisation and alignment of external aid as a whole, with corresponding reductions in the relative significance of transaction costs. Such effects might be expected either because GBS/ SBS embodies more harmonisation & alignment than other modalities and represents a growing proportion of external aid and/or because the harmonisation & alignment of GBS/ SBS operations has promoted similar effects within other modalities. This EQ is situated at levels 1 → 2 of the Intervention Logic. It analyses the efficiency of delivery of GBS/ SBS inputs (high alignment & harmonisation; low transaction costs) but also its effectiveness in generating such effects for all external aid, and the sustainability of such effects.		
Judgement Criteria	***Summary Response & Reference to Main Report (where relevant)***	***Source of information***	***Quality of evidence***
2.3.1 The alignment of external aid to government policy priorities and towards the use of government procedures (for budgeting, expenditure management, procurement and reporting) has improved during the evaluation period.	○ Paris Declaration monitoring surveys 2008 & 2010 report improvements in alignment and several stakeholders support this view. (2.1)	Paris Declaration monitoring surveys Interviews with GoT & BSG members. (Forthcoming JAST evaluation will also be a source.)	*Indicative but not conclusive*

2.3.2 The level of harmonisation of external aid between different Development Partners has improved during the evaluation period.	○ Paris Declaration monitoring surveys 2008 & 2010 report little change in harmonisation; (2.1) ○ Views of stakeholders were inconclusive.	Paris Declaration monitoring surveys Interviews with GoT & BSG members.	*Indicative but not conclusive* *Weak*
2.3.3 The level of transaction costs per unit of external aid provided has declined during the evaluation period**.**	○ There is some evidence that transaction costs of Budget Support have raised. (2.3) ○ No reliable data exists on transaction costs of other modalities.(2.1)	PAF & Annual Review reports; Focus Groups with GoT & BSG. None	*Indicative but not conclusive* *Weak*
2.3.4 The developments with regard to harmonisation & alignment and transaction costs have been positively influenced by GBS/ SBS processes and could not have occurred in the absence of Budget Support.	○ Stakeholders attribute progress in aid effectiveness exclusively to the JAST process, and do not attribute any contribution to Budget Support, within the evaluation period. (2.1)	Individual interviews with GoT & BSG members. (Forthcoming JAST evaluation will also be a source.)	*Indicative but not conclusive*

EQ 3.1	**To what extent have there been improvements in the effectiveness of domestic revenue mobilisation and in the quality of macroeconomic management? How far can these improvements be attributed to Budget Support?**
Stage of Evaluation and Level of the Intervention Logic	Step One, Level 3: Induced Outputs
Evaluation criteria	Effectiveness, Sustainability
Scope of analysis and	This EQ analyses the extent to which there have been improvements in the quality of domestic revenue

justification for its inclusion	mobilisation and macroeconomic management. Secondly, it explores the extent to which such improvements can be attributed to budget support, and if so, through which mechanism of influence. Budget support may be expected to have positive (and sometimes negative) effects as a result of three separate mechanisms of influence: a) direct "flow of funds effects" resulting from either the volume or the timing of receipt of GBS/SBS funds; b) "exogenous" policy effects, in which conditionality, policy advice or capacity-building support provided in the context of GBS/ SBS processes leads to changes in policies or strategies; and c) "endogenous" policy effects, in which domestic policy decisions are taken as a result of changes induced by Budget Support (e.g. GBS/ SBS processes induce more active budget scrutiny in Parliament, or easier access to information by civil society, which lead to pressure on the Executive to change fiscal policies.) EQ 3.1 thus examines effectiveness and sustainability at level 2 → 3.		
Judgement Criteria	***Summary Response & Reference to Main Report (where relevant)***	***Source of information***	***Quality of evidence***
3.1.1 Domestic revenue mobilisation has improved and fiscal policy targets have been increasingly respected.	○ Tax revenues continued to grow between 2005/06 and 2008/09, reaching a plateau around 15% of GDP, before expanding again in the last 2 years. (3.1) ○ In comparison with other neighbour countries, Tanzania significantly out-performed Uganda and has narrowed the gap with Kenya. (3.1) ○ IMF states that revenue collection is considered to be below potential, especially concerning tax exemptions (4% of GDP in 2012). (3.1)	MoFEA and IMF reports IMF reports (Article IV) IMF (2012 & 2013) Rapid Budget analysis 2012	*Strong*
3.1.2. Macroeconomic stability has been protected and the business climate has improved.	○ Throughout the evaluation period, Tanzania has remained on-track with IMF PSI programme, despite the difficulties generated by the international crisis. (3.1)	IMF PSI reviews IMF Article IV for each	*Strong*

	○ Tanzania has weathered the impact of both the global financial crisis and regional droughts relatively well and GDP growth has remained buoyant. (3.1) ○ Inflation has fluctuated considerably, mostly as a result of supply-side shocks for domestically produced goods and services and imported goods. (3.1) ○ Tanzania's Doing Business Ranking has improved during the last five years, from 142 in 2007 to 124 in 2008, subsequently declining to 128 in 2011. (4.1)	country BoT WB Doing business Reports	
3.1.3. The composition of public spending by economic category has evolved to reflect greater allocative efficiency.	○ Total spending increased by 3 percentage points of GDP over the period, as a consequence of expanded development spending, and in particular of domestically financed development spending. (3.1) ○ Recurrent expenditure was stabilised at 17% of GDP in 2011/12, a level which could be more than sustained by domestic revenues alone. (3.1)	MoFEA & IMF reports	*Strong*
3.1.4 GBS/ SBS processes have contributed to the identified macroeconomic developments (positively and, potentially, negatively).	○ The growth noted in the level of domestically financed development expenditure could not have been achieved in the absence of Budget. (3.1) ○ Budget Support has also served as a stabilising source of funds during the period of the	MoFEA & IMF reports BoT & MoFEA	*More than satisfactory*

	international financial crisis. (3.1) ○ There is some evidence of monetary sterilisation problems influenced by BS. (3.1) ○ There is little evidence to suggest that budget support-related dialogue has had much additional influence on government policy over what would in any case have been achieved through the IMF's Policy Support Instrument. (3.1).	BoT & MoFEA PAF & Annual Review reports. Focus Groups with GoT & BSG.	

EQ 3.2	**To what extent have there been improvements in the quality of Public Finance Management (PFM)? How far can these improvements be attributed to Budget Support?**
Stage of Evaluation and Level of the Intervention Logic	Step One, Level 3: Induced Outputs
Evaluation criteria	Effectiveness, Sustainability
Scope of analysis and justification for its inclusion	This EQ analyses the extent to which there have been improvements in the quality of Public Finance Management during the evaluation period. Secondly, as with EQ 3.1, it explores the extent to which such improvements can be attributed to budget support (and the related capacity-building inputs), and, if so, to which of the 3 mechanisms of influence identified in the evaluation framework. EQ 3.2 thus relates to effectiveness and sustainability at level 2 → 3. In common with several other EQs, it also considers two counterfactuals: firstly, whether such improvements could have been generated by other modalities in the absence of Budget Support; and secondly, whether Budget Support could have generated these changes in the absence of any complementary actions through other modalities.

Judgement Criteria	***Summary Response & Reference to Main Report (where relevant)***	***Source of information***	***Quality of evidence***
3.2.1 Relevant PFM reforms have been implemented by GoT and continue to be implemented.	○ Improvements have been achieved in certain aspects of the PFM system - especially in procurement, internal and external audit and revenue administration. (3.2) ○ Significant weaknesses persist in the core functions of budget formulation, budget execution and financial reporting, as well as in the monitoring and control of contingent liabilities. (3.2) ○ The commitment to reform has not achieved more substantial and widespread improvements to the PFM system may be in large part attributed to the difficulties of implementing "second generation" reforms. (3.2)	PEFA 2006 & 2009. Focus Groups with GoT & BSG.	*More than satisfactory* *More than satisfactory* *More than satisfactory*
3.2.2. The quality of PFM systems and processes has improved according to PEFA and other independent assessments.	○ The comparison of the 2006 and 2009 PEFA assessments for Tanzania suggests a flattening of the rate of improvement in PFM systems, previously witnessed. (3.2) ○ The 2009 PEFA assessment clearly points to a reduction in the impact of reforms within the core areas of budget formulation, budget execution, and accounting and reporting. It also points to a decline in the overall credibility of the budget. (3.2) ○ An analysis of recent financial reports suggests that many of the core weaknesses identified in the 2009 PEFA have persisted. (3.2)	PEFA 2006 & 2009 MoFEA; Financial Reports	*More than satisfactory* *Strong* *More than satisfactory*

3.2.3 GBS/ SBS processes have contributed to the improvements identified, and these improvements could not have occurred through other modalities alone.	○ Government and from the BSG agree that in the absence of Budget Support the same level of consistent Government commitment to PFM reform would not have been achieved. (3.2) ○ Through reliance on extensive project and common basket funding for PFM reform, the DPs may have inadvertently weakened government ownership of reforms. (3.2) ○ BS dialogue has failed to generate a fully relevant programme of reforms, focused on the most significant weaknesses in the PFM system. (3.2)	Interviews and Focus Groups with GoT & BSG. PAF & Annual Review reports	*Indicative but not conclusive* *Indicative but not conclusive* *More than satisfactory*

EQ 3.3	**To what extent have there been changes in sector policies and in public expenditure allocations and with what consequences for the composition of spending outputs, with a special focus on the sectors, which will be the subject of analysis in Step Two (Agriculture, Education, Transport)? How far can these changes be attributed to Budget Support?**
Stage of Evaluation and Level of the Intervention Logic	Step One, Level 3: Induced Outputs
Evaluation criteria	Effectiveness, Sustainability
Scope of analysis and justification for its inclusion	This EQ aims firstly to analyse the extent to which there have been changes in sectoral policies and spending allocations and whether those changes in turn have produced relevant changes in the patterns of spending outputs (numbers of schools, aid posts, roads rehabilitated, water supplies provided, staff recruited and trained, etc.). It has a specific focus on the 3 sectors, which are the subject of analysis in Step Two (Agriculture, Education & Transport). Secondly, it explores the extent to which such changes can be attributed to budget

	support, and, if so, to which of the 3 mechanisms of influence identified in the evaluation framework. (See EQ 3.1). EQ 3.3 thus relates to effectiveness and sustainability at level 2 → 3. It also considers two counterfactuals: a) whether such improvements could have been generated by other modalities in the absence of Budget Support; and b) whether Budget Support could have generated these changes in the absence of complementary actions through other modalities.		
Judgement Criteria	***Summary Response & Reference to Main Report (where relevant)***	***Source of information***	***Quality of evidence***
3.3.1 Sectoral policies better reflect Government's policy priorities, as well as the past lessons of policy implementation.	The focus of analysis has been the education sector: ○ The main policy driving education during the period has been 'Education For All', which underpinned the Government's policy to expand access to primary and secondary education. (4.3) ○ The Primary Education Development Programme, 2002-2006 (PEDP I) re-introduced free primary education, compensating for the elimination of school fees through the introduction of a capitation grant for schools, for which funding was continued under PEDP II (2007-2011). (4.3) ○ SEDP II (2010 – 2014) was designed to increase the quality of education, particularly in underserved rural areas, by providing adequate financing to schools, upgrading facilities and improving the provision of teachers and the quality of teaching. (4.3)	MoEVT PEDP I (2002-2006), PEDP II (2007-2011). SEDP II (2010 – 2014)	*More than satisfactory*
3.3.2. The composition of public spending by sector has evolved to better reflect Government's	○ Total spending on the 6 priority sectors designated in Mkukuta (education, health, water, agriculture, roads and energy) has more than doubled in nominal terms over the evaluation period, increasing by 5 percentage	Rapid Budget Analysis (2007 and 2012) MoFEA	*More than satisfactory*

policy priorities.	points of GDP. (3.3) ○ As a percentage of total expenditure, these six priority sectors have increased their share from 40 % to just over 50% of total spending. (3.3) ○ Even in the most recent fiscal year, when recurrent spending cuts had to be applied in order to maintain a sustainable fiscal deficit, spending on the priority sectors remained above 50%. (3.3)	Logintanzania and PMO-RALG.	
3.3.3. The public spending outputs produced in Agriculture, Education & Transport reflect policy priorities and efficient practices.	The focus of analysis has been the education sector: ○ Education was designated as a 'priority sector' in Mkukuta and has throughout the evaluation period commanded the highest share of the national budget. (4.3.) ○ Total primary school pupils rose from the early 2000s until 2007, but since then enrolment rates have began to decline. (4.3.) ○ In 2000, the mean PTR for government schools was 41, rising to 59 in 2004 before declining again to 55 by 2009, and 47 by 2011, reflecting the progress made in addressing the shortage of teachers. (4.3.) ○ The transition rate from primary to secondary education has more than doubled from 20.2% in 2006 to 53.6% in 2012. (4.3)	MoEVT PEDP I (2002-2006), PEDP II (2007-2011). SEDP II (2010 – 2014), JASR education reports.	*More than satisfactory*
3.3.4 GBS/ SBS have contributed to the improvements identified, and these improvements	○ Budget Support has permitted non-salary recurrent spending to be fully financed in addition to an expanding level of domestically financed development spending. (3.3.)	Fiscal tables from IMF (2005-2011) and MoFEA (2011/12). Rapid Budget	*More that satisfactory* *Indicative but not conclusive*

could not have occurred through other modalities alone.	○ The major contribution of GBS funding has probably been to support the expansion of public spending in the education and roads sectors. (3.3.)	Analysis (2007 and 2012) MoFEA Logintanzania	

EQ 3.4	**To what extent have there been improvements in the quality of governance and accountability, particularly with regard to the roles of Parliament, Civil Society, Local Government Councils, the Supreme Audit Institution and the Anti-Corruption agencies as "watch-dogs" of the Executive? How far can these improvements be attributed to Budget Support?**		
Stage of Evaluation and Level of the Intervention Logic	Step One, Level 3: Induced Outputs		
Evaluation criteria	Effectiveness, Sustainability		
Scope of analysis and justification for its inclusion	This question aims firstly to analyse the extent to which there have been improvements in the quality of governance and accountability at central and local government level. Secondly, the EQ explores the extent to which such changes can be attributed to budget support, and, if so, to which of the 3 mechanisms of influence identified in the evaluation framework. (See EQ 3.1). It also considers two counterfactuals: a) whether such improvements could have been generated by other modalities in the absence of Budget Support; and b) whether Budget Support could have generated these changes in the absence of complementary actions through other modalities. EQ 3.4 addresses criteria of effectiveness and sustainability at level 2 → 3.		
Judgement Criteria	***Summary Response & Reference to Main Report (where relevant)***	***Source of information***	***Quality of evidence***
3.4.1 The quality of Parliamentary scrutiny of	○ Quality of legislative scrutiny of the annual budget law (as measured by PEFA P1-27) has not improved	PEFA Assessments Reports comparing	*Strong*

national budgets, expenditures and audit reports has improved.	substantially over the evaluation period and remains low. (3.4) o Some improvements in legislative scrutiny of external audit. (3.4)	2009 and 2005, Open Budget Surveys 2006, 2008, 2010, Interviews, CAG Reports	*Indicative but not conclusive*
3.4.2.Quality of Civil Society and Media scrutiny of national and local budgets and expenditures has improved.	o Civil society and media have increasingly engaged in debate on Government budgets and national accounts. (3.4)	Reports on CSO activity from Policy Forum, Media Council Reports, Interviews	*Strong*
3.4.3 Coverage and quality of Local Government Councils' scrutiny of local budgets and expenditures has improved.	o The size of the LGA budget that potentially can be meaningfully debated and determined by the councillors has increased – not least because of the LGDG system. However, no empirical evidence of councillors scrutiny of budgets and accounts. (3.4)	LGA budget analyses, Interviews, REPOA formative research on LGRP,	*Weak*
3.4.4 Scope, coverage and quality of CAG's operations has improved.	o CAG scope, coverage and quality of operations have improved. (3.4)	CAG Reports, PEFA Assessments Interviews	*Strong*
3.4.5 Anti-Corruption Agencies have become more efficient and effective in investigating, prosecuting and convicting corruption cases	o PCCB has been institutionally strengthened by the Prevention and Combating of Corruption Act 2007, (3.4) o Case statistics indicate a continuous level of investigation, prosecution and convictions of corruption cases in recent years. (3.4 & Table 18) o However, several of the high level corruption cases	PCCB statistics Research reports, Afrobarometer survey	*Strong*

	debated during the evaluation period have not led to significant convictions. (3.4)		
3.4.6 GBS/ SBS programmes have contributed to the changes identified, and these improvements could not have occurred through other modalities alone.	○ GBS has enabled Government to increase budget allocations to some "accountability institutions" such as PCCB and CAG and contributed to increased awareness of governance and corruption issues. (3.4) ○ However, the increased level of "scrutiny of budgets and accounts" from various stakeholders can be better attributed toproject support.(3.4) ○ GBS dialogue has supported legislative changes and budgetary measures to reinforce PCCB. (3.4)	Interviews, Documentation of GBS dialogue Research reports	*More than satisfactory*

EQ 3.5	**To what extent have there been improvements in the quality of those public administration systems, most relevant to local service delivery? How far can these improvements be attributed to Budget Support?**
Stage of Evaluation and Level of the Intervention Logic	Step One, Level 3: Induced Outputs
Evaluation criteria	Effectiveness, Sustainability
Scope of analysis and justification for its inclusion	This question analyses the extent to which the quality of public administration systems of key importance to locally delivered basic services has improved. Specifically, the EQ analyses changes in systems for management of fiscal and human resources. Secondly the EQ assesses the extent to which changes in the quality of public administration systems can be attributed to Budget Support, and, if so, to which of the 3 mechanisms of influence identified in the evaluation framework. (See EQ 3.1). It also considers two counterfactuals: a) whether

	such improvements could have been generated by other modalities in the absence of Budget Support; and b) whether Budget Support could have generated these changes in the absence of complementary actions through other modalities. The EQ addresses criteria of effectiveness and sustainability at level 2 → 3.		
Judgement Criteria	***Summary Response & Reference to Main Report (where relevant)***	***Source of information***	***Quality of evidence***
3.5.1 There has been increased use of transparent and formula based budget allocations for LGAs.	○ Recurrent fund allocations have not become formula based, but transparency has generally increased in LGA allocations as development funds increasingly have become "on-budget" and a significant part of it has become formula based. (3.5, tables 19 & 20)	LG Fiscal data from logintzania.net, LG Fiscal reviews (various years), PMO-RALG Evaluation of LGDG System (2012),	*Strong*
3.5.2. Transfers of funds to LGAs have been more timely and predictable.	○ PE and OC transfers of the six main sectors has remained timely and predictable through the period, (3.5 & table 19). ○ Capitation grants have generally decreased (per student) over the period, but have been largely transferred in timely manner – although less than budgeted annually. (3.5). ○ Development funds to LGAs have increased significantly over the period. However, timeliness and predictability of LGA development funds have remained problematic through the period. Most development fund transfers to LGAs rely in part or entirely on specific DP funded projects. Data suggest that both GoT and DP contributions to LGA development grants have delayed and diverted from budget commitments. (3.5).	MOF release data on their website (incomplete data) Analytical reports from PMO-RALG	*Weak*

3.5.3 LGA fund utilisation and reporting have improved.	○ A system has been established for Council Financial Reporting that has become effective since 2005and widely disseminated at PMO-RALG website. (3.5). ○ However, data is self-reported LGA data and not consistently correlated to actual treasury transfers. For development funds transfers, LGAs have to carry significant funds forward, which complicates reporting. (3.5). ○ Audits of LGA expenditures indicate a trend of positive improvements up to FY 2006/07 and remained fairly stable from then. (3.5).	Logintanzania, PMO-RALG fiscal data, CAG reports, LGRP Reviews, Interviews,	*More than satisfactory*
3.5.4 The most needy areas/LGAs have received preference in the assignment of staff and staff retention schemes in these areas have been supported.	○ In the education sector it is clear that the most needy areas have received preference in staff assignment. (3.5). ○ There has not been any extensive and targeted incentive scheme for disadvantaged areas, but local efforts, initiatives for staff house construction, and better management of required allowances, etc. for teachers has helped on staff retention. Still many areas have significant annual loss of teachers that leave their designated district in spite of disciplinary consequences. (3.5).	Fieldwork Interviews, Statistics on teachers deployments,	*More than satisfactory*
3.5.5 Quality of human resource management has improved	○ The PSC documented improvements in HRM from 2005/06 to 2007/08, but recruitment in public service has since then become more centralised. Data on quality of HRM is not available after FY 2007/08. (3.5).	PSC Compliance Inspection Reports, Interviews, Analytical background studies for new pay reforms.	*More than satisfactory*

	○ Pay reforms have progressed very slowly. The new Policy proposes incentives for staff in "disadvantaged districts" – but policy is yet to be translated into a strategy. (3.5).		
3.5.6 GBS/ SBS programmes have contributed to the changes identified**,** and these improvements could not have occurred through other modalities alone.	○ GBS has helped to establish systems for local service delivery. However, specific elements of reforms – such as formula based allocations of PE/OC that were related to wider local government reforms and LG autonomy have not progressed in spite of being high on the agenda in PAF dialogue. Dialogue on LG reforms have in particular been contentious and demonstrate the limits of "policy leverage" in GBS dialogue. (3.5).	Interviews MOFEA, PMO-RALG, PO-PSM, LGRP reviews,	*More than satisfactory*

EQ 4.1	**How has the economy performed in terms of levels of investment and growth and what has been the effect on household income and on income distribution, especially for the poor? What factors have been the main determinants of such changes?**
Stage of Evaluation and Level of the Intervention Logic	*Step Two, Levels 4 & 5: Outcomes and Impacts*
Evaluation criteria	*Impact, Sustainability*
Scope of analysis and justification for its inclusion	*This question analyses the extent to which the quality of public administration systems of key importance to locally delivered basic services has improved. Specifically, the EQ analyses changes in systems for management of fiscal and human resources. Secondly the EQ assesses the extent to which changes in the quality of public administration systems*

	can be attributed to Budget Support, and, if so, to which of the 3 mechanisms of influence identified in the evaluation framework. (See EQ 3.1). It also considers two counterfactuals: a) whether such improvements could have been generated by other modalities in the absence of Budget Support; and b) whether Budget Support could have generated these changes in the absence of complementary actions through other modalities. The EQ addresses criteria of effectiveness and sustainability at level 2 → 3.		
Judgement Criteria	***Summary Response & Reference to Main Report (where relevant)***	***Source of information***	***Quality of evidence***
4.1.1 There has been fast economic growth, given the context of the international financial crisis and the peace and security concerns of the region.	○ Growth performance amongst the best in Sub Saharan Africa – average of 7% over past decade. MKUKUTA target achieved. (4.1) ○ Small annual fluctuations to shocks – shows resilience to GFC. Main explanation of fluctuations has been weather extremes. (4.1)	Ministry of Finance & Economic Affairs, Bank of Tanzania, World Bank	*Strong*
4.1.2. The composition of economic growth by economic sector and its geographical distribution give an indication of the principal sources of growth.	○ Agriculture has declined in importance and industry has experienced a large increase in share (mainly due to strong growth in mining/quarrying and construction sub-sectors). (4.1) ○ Major growth has been in sectors meeting domestic demand: food and non-traded or non-tradable goods and services like construction, trade and repairs, and telecommunications (4.1)	Ministry of Finance & Economic Affairs, Bank of Tanzania, World Bank	*Strong*
4.1.3 The changes in levels of private and public investment and the changes in the environment for doing business give indications of the main	○ Large increases in both consumption and investment have been recorded, in both cases reflecting significant increases in public spending. (4.1) ○ Credit to the private sector has increased from an average of less than 6% of GDP in 2002 to 17% of GDP in 2009. (4.1) ○ Foreign direct investment (FDI) has grown, primarily through	Ministry of Finance and Economic Affairs, Bank of Tanzania, World Bank, Robinson et al	*Strong*

drivers and the main obstacles to fast growth.	investments in mining and tourism. (4.1) o Doing business rankings have improved, although they still lag behind many competitor nations. (4.1)		
4.1.4 The changes recorded in per capita incomes and in income distribution are consistent with the pattern of economic growth.	o Despite rapid growth, poverty appears to have risen in Tanzania, particularly in rural areas. (4.1) o This appears to be due to low agricultural growth and structural shifts within the agriculture sector. (4.1) o There are also a number of methodological explanations for the 'growth-poverty paradox'. (4.1)	Household Budget Survey, National Panel Surveys, Pauw & Thurlow (2010), Mkenda et al (2010)	*More than satisfactory*
4.1.5 The changes recorded may be linked to specific determining factors, including factors related to Government policies, and more specifically to policy changes induced by Budget Support.	o Government policy reform has had a significant impact on growth performance. However, the majority of these reforms took place prior to the evaluation period. The pace of reforms related to private sector development has subsequently slowed and dialogue on these issues in the context of the PAF could have been more structured and strategic. (4.1) o There has been a strong 'flow of funds effect' of budget support, which has enabled the government to restrain borrowing from domestic banks and maintain macroeconomic stability. This has stimulated a rapid growth in private sector credit and FDI. (4.1) o Public spending has significantly increased in sectors considered as key to reducing poverty. However key determinants of the low poverty elasticity of growth (such as agricultural input subsidies) have not formed a significant part of the formal budget support dialogue process. (4.1)	Robinson et al., Ministry of Finance and Economic Affairs, World Bank, IMF, PAF & Annual Review reports.	*More than satisfactory*

EQ 4.2	**How have the key outcome and impact indicators evolved in the primary and secondary education sectors in aggregate, by gender and by district? What factors have been the main determinants of the changes identified?**		
Stage of Evaluation and Level of the Intervention Logic	Step Two, Levels 4 & 5: Outcomes and Impacts		
Evaluation criteria	Impact, Sustainability		
Scope of analysis and justification for its inclusion	EQ 4.2 analyses the principal changes in the performance of the education sector, considering in particular the changes in the coverage, quality and equity of provision of primary and secondary education. It then identifies, through econometric analysis, the critical determining factors – external, domestic and government policy related – which have driven and shaped these changes. The question thus addresses criteria of impact and sustainability at levels 3 → 4 & 5 of the intervention logic.		
Judgement Criteria	***Summary Response & Reference to Main Report (where relevant)***	***Source of information***	***Quality of evidence***
4.2.1 Outcome data for primary and secondary education show improvements in aggregate enrolments over the evaluation period, as well as reductions in geographical and gender disparities.	○ Enrolment in primary schools doubled over the decade, with a GER at primary level of 102.3% in 2011 and 98.4% in 2012, while the NER was 94% and 92%, respectively. (4.2.) ○ In secondary schools, the GER rose from 9.4% in 2005 to 36.9% in 2012. (4.2.) ○ Gender parity in enrolment has been achieved at primary level (but not at other levels) (4.2.) ○ The number of university students has risen from 45,500 in 2005/6 to 139,600 in 2010/11. (4.2.)	National Bureau of Statistics Education sector development programme – ESPR, PER (2011), PEDP I and II.	*Strong*
4.2.2.Outcome data reflecting the quality of	○ In 2007, 54.2% of pupils passed the PSLE, falling to 49.4% in 2009, although the pass rate has improved with 53.5% and 58%	National Bureau of Statistics Education	*More than satisfactory*

primary and secondary education show improvements in aggregate, as well as reductions in geographical and gender disparities.	passing in 2010 and 2011. (4.2.) o At secondary level, pass rates remain very low. In 2011, 10% of pupils passed the Certificate of Secondary Education Examination, a fall from 11.6% in 2010. (4.2.) o CSEE Pass rates vary considerably according to type of school. In 2011, it was 41.2% for seminaries, 35.1% for government schools, 19.5 % for non-government schools and only 6% for community schools. (4.2.) o There has also been progress made in recent years in narrowing inter-district disparities in teacher allocations but there remain major inequalities (4.2. & Table 26) o Comparative studies of the quality of education in Tanzania compared to the East African region also indicate that the quality of primary education in Tanzania is low (4.2.)	sector development programme – ESPR, MoEVT (2011). PEDP I and II, Uwezo study (2012) Field visit, interviews.	
4.2.3 The changes recorded may be linked to specific determining factors, including factors related to Government policies/ spending patterns, and more specifically to policy & spending changes induced by Budget Support. (See EQ 3.3).	o At primary level, educational achievement and, to a lesser extent, gender differentials in achievement are highly correlated with the teacher per pupil ratio. (4.2.) o At the secondary level, pupil teacher ratios also positively affect educational achievement but other factors play a more significant role at this level. (4.2.) o Levels of education and wealth (measured within the district) affect educational achievements at the secondary level much more than at the primary level. (4.2.) o The presence of a non-government school in the district is another relevant factor, as these schools consistently achieve higher pass marks than government schools. (4.2.) o The disparities are mainly explained by variations in Pupil per teacher ratio, between rural and urban areas. (4.2.)	National Bureau of Statistics Education sector development programme – ESPR, MoEVT (2011). Uwezo study (2012). PEDP II, Field visit, and I interviews.	*More than satisfactory*

	○ Budget Support has played a key role in funding the expansion of the education sector, but there is little evidence of a significant impact of GBS/SBS on education policy. (4.2.)		

EQ 4.3	**How have the prices of food crops, and the inter-regional disparities in these prices, evolved over the evaluation period? What were the determining factors in these evolutions and to what extent were the Government investments in agricultural inputs, notably fertiliser, and in the rehabilitation and improved maintenance of roads amongst these factors?**		
Stage of Evaluation and Level of the Intervention Logic	Step Two, Levels 4 & 5: Outcomes and Impacts		
Evaluation criteria	Impact, Sustainability		
Scope of analysis and justification for its inclusion	EQ 4.3 focuses on one crosscutting outcome variable, namely the price of the key food crop (white maize) by region. It examines what have been the determining factors driving price trends during the evaluation period and asks whether Budget Support-aided government investments in road rehabilitation and maintenance and in input subsidies (through the AIVS) may have been among the factors, serving to dampen price rises and to reduce inter-regional price disparities. These price effects are taken as a broad proxy for food security, and by implication for poverty reduction, given that more direct econometric analysis of the poverty effects of Budget Support-induced investments is not possible with the available data. The question analyses the significance of these investments in relation to other critical determining factors, which may have driven the price fluctuations. The question thus addresses criteria of impact and sustainability at levels 3 → 4 & 5 of the intervention logic.		
Judgement Criteria	***Summary Response & Reference to Main Report (where relevant)***	***Source of information***	***Quality of evidence***

4.3.1 Price rises in essential food crops have been dampened, by comparison with regional trends, and inter-regional disparities have been reduced.	Findings of econometric analysis regarding to this Evaluation Question were not conclusive.		
4.3.5 The changes recorded may be linked to specific determining factors, including Government policies on road maintenance & road rehabilitation and on input subsidies, whose implementation has been aided/ "induced" by Budget Support. (EQ 3.3)	Findings of econometric analysis regarding to this Evaluation Question were not conclusive.		

EQ 5.1	**Bringing together the results of Steps One and Two, what overall judgement can be reached on the Budget Support operations in Tanzania over 2006 to 2011? To what extent have the operations been efficient and effective and have they generated sustainable impacts?**
Stage of Evaluation and Level of the Intervention Logic	Step Three, Levels 1, 2, 3, 4 & 5: Overview of Inputs, Outputs, Induced Outputs, Outcomes and Impacts
Evaluation criteria	Efficiency, Effectiveness, Impact, and Sustainability

Scope of analysis and justification for its inclusion	This question captures the results of the analysis to be undertaken under Step Three, which brings together conclusions from Step One – relating to the production of Direct and Induced Outputs – and Step Two regarding the critical determinants of the identified Outcomes and Impacts. Step Three thus covers all levels of the evaluation framework, allowing an overall judgement to be reached on the Budget Support operations, and in particular on their efficiency, effectiveness, impact and sustainability.		
Judgement Criteria	***Summary Response & Reference to Main Report (where relevant)***	***Source of information***	***Quality of evidence***
5.1.1 GBS/ SBS operations have been **efficient** in generating the Direct Outputs, which were envisaged. (Summary of EQs 2.1, 2.2 and 2.3).	○ GBS/SBS operations have been efficient in providing large-scale additional budget funding in a predictable manner. ○ They have not, however, been efficient in providing support to improved policy making and reform implementation, due to weaknesses in the structure of dialogue. ○ Only modest TA and capacity-building inputs were envisaged, and even these have been under-provided, as a consequence of the lack of demand from GoT. ○ GBS/ SBS have not had discernible effects on the overall alignment and harmonisation of aid as a whole.	Responses to EQs 1.1, 1.2, 2.1, 2.2 & 2.3. (Chapter 2.)	*Strong*
5.1.2. As a consequence of these Direct Outputs and the response of Government, the GBS/ SBS operations have been **effective** in generating the Induced Outputs envisaged (EQs 3.1, 3.2, 3.3, 3.4 and	○ GBS/ SBS have been effective in facilitating stable macroeconomic management and a growth-oriented fiscal policy. ○ GBS/ SBS have been effective in ensuring a continuous GoT commitment to PFM reforms but the design of the reform programme has been less than optimal so that the strengthening of the PFM system has been partial with significant weaknesses remaining.	Answers to EQs 3.1, 3.2, 3.3, 3.4 and 3.5. (Chapter 3)	*More than satisfactory*

3.5).	○ GBS/ SBS have been effective in securing enhanced public expenditure allocations to the MKUKUTA priority sectors ○ GBS/ SBS in combination with well targeted projects have been effective in improving budget transparency, in raising the resources and capacities of the principal accountability institutions of government, and in strengthening the fight against corruption.		
5.1.3 Through these Induced Outputs the GBS/ SBS operations have been successful in generating **Impacts**, related to economic growth, poverty reduction, improved service delivery and food security. (EQs 4.1, 4.2, 4.3)	○ Reductions in income poverty during the period have been marginal and there is little evidence that the modest improvements achieved were influenced by Budget Support. ○ Improvements in non-income poverty were more significant and there is evidence that GBS/ SBS contributed to this by improving coverage of primary and secondary education and by improving the extension and quality of the road network. ○ Impossible to assess effects on Food Security.	Answers to EQs 4.1 & 4.2 (Chapter 4).	*More than satisfactory*
5.1.4 The Outputs, Outcomes and Impacts generated by the GBS & SBS operations are **sustainable**, under reasonable assumptions.	○ Principal outcomes and impacts have been in relation to education and road transport, both high political priorities, where attention to protect and extend gains is likely. ○ GBS/ SBS are gradually being replaced by the increases being achieved in domestic revenue collections, providing a favourable outlook for sustainable funding.	Answers to EQs 4.1, 4.2. (Chapter 4) Answer to EQ 3.1. (Chapter 3)	*Indicative but not conclusive*

Annex Three: Statistical appendix

Annex Table 1 - Budget Support Disbursements by Development Partner, 2005/06 – 2011/12

Annex Table 2 - Budget Support Disbursements by category of operation, 2005/06 – 2011/12

Annex Table 3 - Predictability of total ODA and of the three main aid modalities

Annex Table 4 - Differences between scheduled & actual GBS/ SBS disbursements by Quarter (Tsh. M)

Annex Table 5 - Actual Budget Support disbursements compared with Treasury Bill rates

Annex Table 6 - Disbursements by Aid modalities as % of total ODA.

Annex Table 7 – The Budget Support PAF: numbers, types of indicators and assessment.

Annex Table 8 –Fiscal and Aid analysis.

Annex Table 9 – Comparison with neighbouring countries indicators.

Annex Table 10 – Composition of expenditure.

Annex Table 11 - CAG Audits of LGAs, 1999 – 2011 (Percentage clean, qualified and adverse)

Annex Table 12 – Growth analysis (GDP, Sectoral GDP and FDI)

Correspondence between Annex Tables and figures and tables in Volume I.

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7	Table 6: Tanzania: Performance against the Paris Declaration Principles
7	Table 7: Total numbers of PAF indicators per year by Cluster
7	Table 8: Numbers of PAF indicators in total and by type, 2004/05 – 2011/ 12
7	Table 9: Number of PAF Indicators found to be un-measureable, 2005-06 to 2010-11
7	Table 10: Total new PAF indicators in each year by type, 2006-07 to 2011-12
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8	Figure 11: Trends in tax collection as a percentage of GDP
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12	Figure 26: Contribution (in real terms) of the economy's sectors to total GDP growth to total GDP growth
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Annex Table 1 - Budget Support Disbursements by Development Partner, 2005/06 – 2011/12.

Corresponding to Table 1 in Volume I.

Bill. Tz Shillings (Current Prices)	Type	2005/06 Actual	2006/07 Actual	2007/08 Actual	2008/09 Actual	2009/10 Actual	2010/11 Actual	2011/12 Actual
General Budget Support								
CANADA	PRBS	-	22.061	-	-	20.902	37.090	16.049
DENMARK	PRBS	11.154	19.390	16.309	24.210	22.877	22.388	27.310
DFID	PRBS	186.662	220.803	270.297	218.177	221.611	239.305	126.271
EU	MDG Contract	44.288	49.729	42.335	60.313	110.415	89.982	127.847
EU	Food Crisis	-	-	-	-	-	37.251	-
FINLAND	PRBS	5.582	14.409	14.285	24.706	26.875	25.704	33.508
IDA	PRBS	-	-	-	-	-		-
IRELAND	PRBS	6.948	17.340	20.137	23.117	22.246	19.457	21.736
JAPAN	PRBS	5.635	6.073	5.772	-	-	-	-
GERMANY/KfW	PRSC Co-financing	7.834	-	25.385	14.106	17.555	20.391	22.247
NETHERLANDS	PRBS	14.285	48.320	52.804	54.902	-	-	-
NORWAY	PRBS	17.553	43.572	50.573	49.100	55.128	60.741	72.113
SDC	PRBS	5.403	5.942	6.148	6.645	8.066	-	-
SWEDEN	PRBS	29.782	55.274	63.911	69.861	66.416	64.800	87.130
NETHERLANDS	PRBS - Education	-	-	33.371	-	-	-	-
ADF	SAL II	83.540	-	96.645	117.079	80.630	-	60.029
IDA	PRSC	173.044	266.946	245.263	189.238	476.561	173.806	154.613
JAPAN	PRSC Co-financing	-	20.476	20.164	25.605	27.933		28.677
Sub total General Budget Support		**591.711**	**790.334**	**963.397**	**877.060**	**1,157.217**	**790.913**	**777.528**
Sector Budget Support								
CANADA	Education	-	-	-	42.097	41.669	38.386	62.742
EU	Education	-	-	-	21.490	15.779	-	-
UK (DFID)	Education	-	-	-	-	-	-	76.110
EU	Roads sector	-	-	-	-	-	71.031	31.011
Subtotal Sector Budget Support		**-**	**-**	**-**	**63.587**	**57.448**	**109.417**	**169.863**
Budget Support Total		**591.711**	**790.334**	**963.397**	**940.646**	**1,214.665**	**900.330**	**947.391**

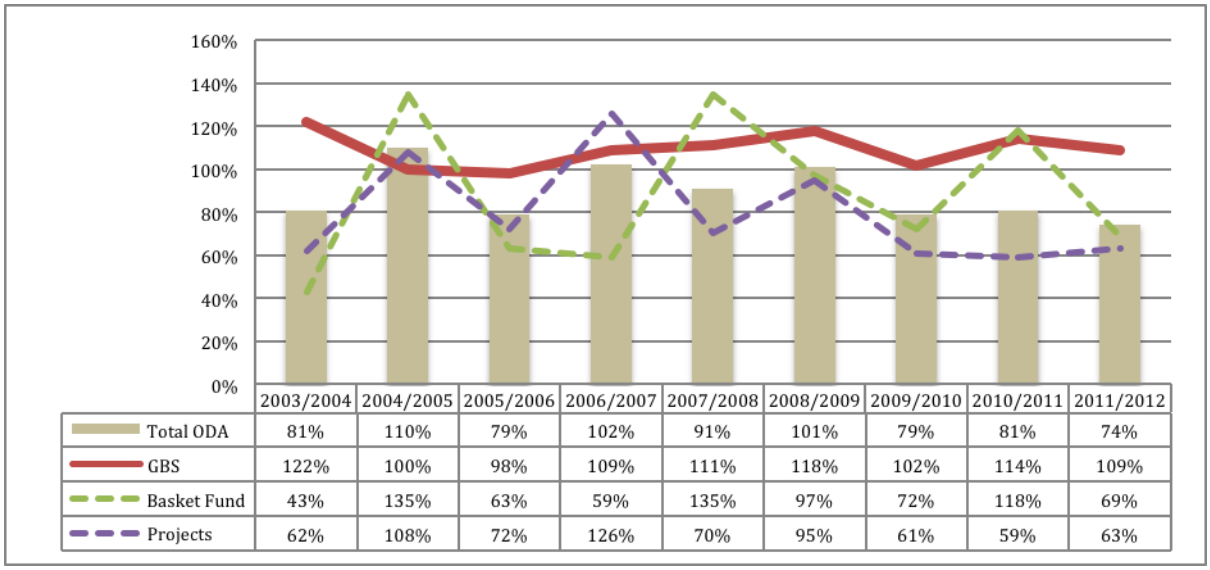
Annex Table 2 - Budget Support Disbursements by category of operation, 2005/06 – 2011/12.

Corresponding to Figure 2 and Table 5 in Volume I.

(Bill TSh) Donor	GBS/ SBS	Grant /Loan	Categ.	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Budget Support Grant														
CANADA	GBS	G	PRBS		1,056	4,713			22,061			20,902	37,090	16,049
CANADA	SBS	G	EDUCATION								42,097	41,669	38,386	62,742
DENMARK	GBS	G	PRBS	11,057	10,719	11,529	14,243	11,154	19,390	16,309	24,210	22,877	22,388	27,310
DFID	GBS	G	PRBS	46,499	69,634	105,091	130,755	186,662	220,803	270,297	218,177	221,611	239,305	126,271
DFID	SBS	G	EDUCATION											76,110
EU	GBS	G	MDG	30,744	44,547	40,975	41,016	44,288	49,729	42,335	60,313	110,415	89,982	127,847
EU-Road	SBS	G	Road										71,031	31,011
EU	GBS	G	food crisis										37,251	
EU	SBS	G	EDUCATION								21,490	15,779		
FINLAND	GBS	G	PRBS	1,465	1,680	1,922	4,232	5,582	14,409	14,285	24,706	26,875	25,704	33,508
IRELAND	GBS	G	PRBS		14,156	11,363	7,012	6,948	17,340	20,137	23,117	22,246	19,457	21,736
GERMANY/KfW	PRSC Co-finance	G	PRBS			6,783	6,621	7,834		25,385	14,106	17,555	20,391	22,247
NETHERLANDS	GBS	G	PRBS	13,416	14,932	33,117	19,156	14,285	48,320	52,804	54,902			
NETHERLANDS	PRBS	G	Education							33,371				
NORWAY	GBS	G	PRBS	10,559	13,358	14,225	15,882	17,553	43,572	50,573	49,100	55,128	60,741	72,113
SDC	GBS	G	PRBS	4,688	6,294		5,591	5,403	5,942	6,148	6,645	8,066		
SWEDEN	GBS	G	PRBS	7,418	12,283	13,640	17,225	29,782	55,274	63,911	69,861	66,416	64,800	87,130
Budget Support Loan														
ADF	SAL II	L	SAL II			63,175		83,540		96,645	117,079	80,630		60,029
IDA	GBS	L	PRSC	35,192	85,926	143,860	64,368	173,044	266,946	245,263	189,238	476,561	173,806	154,613
JAPAN	GBS	L	PRSC						20,476	20,164	25,605	27,933		28,677
IDA	GBS	L	PRBS			43,606	96,709						19,457	
JAPAN (loan)	GBS	L	PRBS	3,957	3,976	3,992	4,924	5,635	6,073	5,772				
Total Budget Support				**164,996**	**278,560**	**497,990**	**427,734**	**591,711**	**790,334**	**963,397**	**940,646**	**1,214,665**	**919,787**	947,391
in % of total ODA				29%	31%	48%	30%	41%	35%	40%	37%	42%	32%	33%

Annex Table 3 - Predictability of total ODA and of the three main aid modalities (actual annual disbursements as a percentage of the planned disbursements)

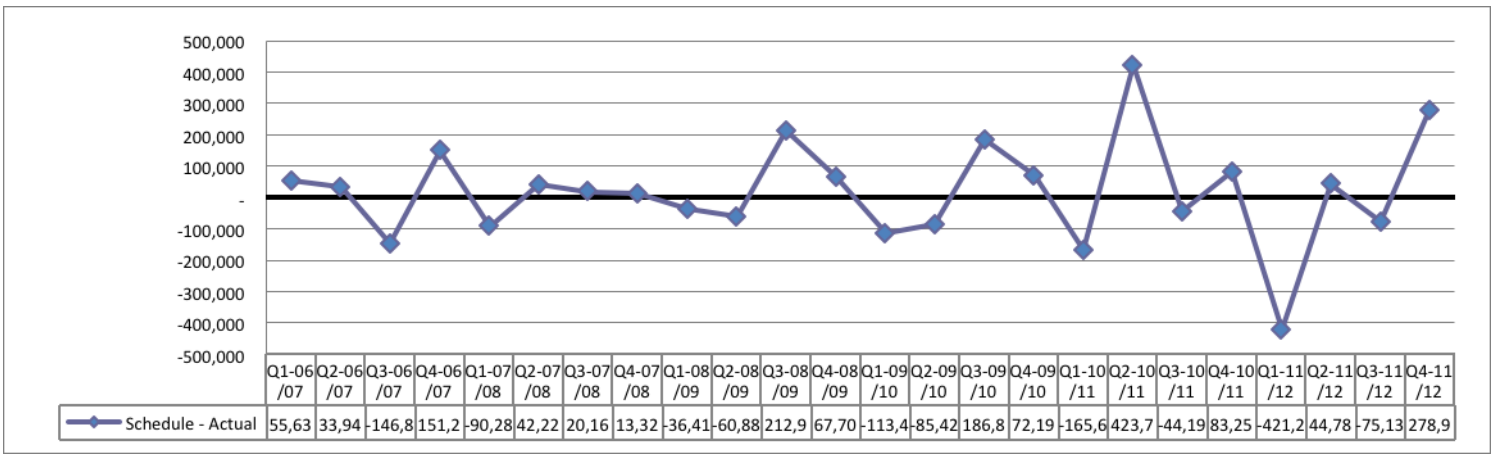
Corresponding to Figure 3 in Volume I.



	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Total ODA	81%	110%	79%	102%	91%	101%	79%	81%	74%
GBS	122%	100%	98%	109%	111%	118%	102%	114%	109%
Basket Fund	43%	135%	63%	59%	135%	97%	72%	118%	69%
Projects	62%	108%	72%	126%	70%	95%	61%	59%	63%

Annex Table 4 - Differences between scheduled & actual GBS/ SBS disbursements by Quarter (Tsh. M)

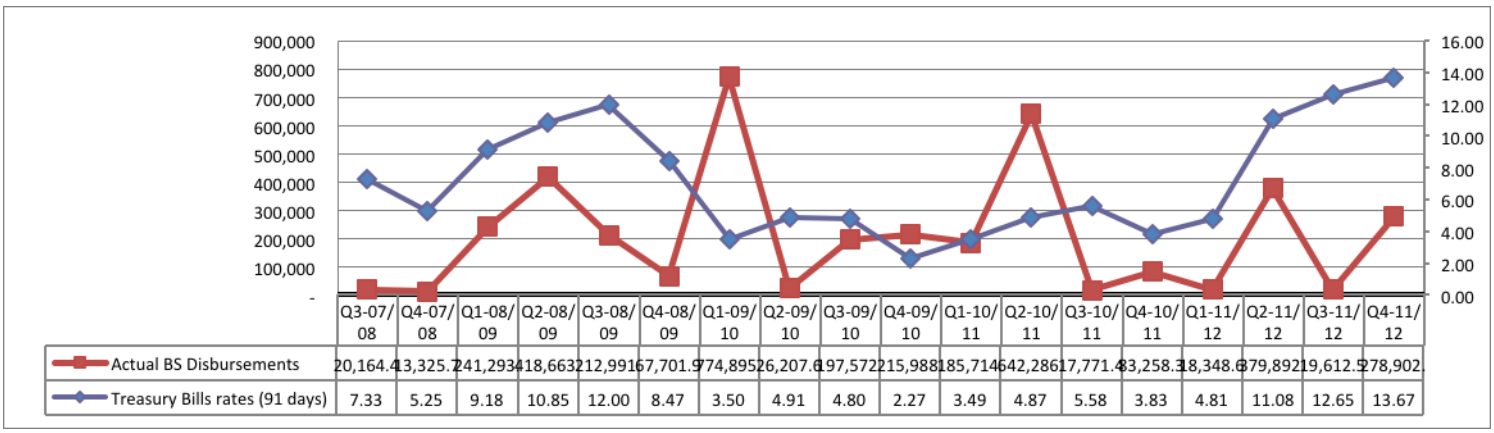
Corresponding to Figure 4 in Volume I.



	Q1-06 /07	Q2-06 /07	Q3-06 /07	Q4-06 /07	Q1-07 /08	Q2-07 /08	Q3-07 /08	Q4-07 /08	Q1-08 /09	Q2-08 /09	Q3-08 /09	Q4-08 /09	Q1-09 /10	Q2-09 /10	Q3-09 /10	Q4-09 /10	Q1-10 /11	Q2-10 /11	Q3-10 /11	Q4-10 /11	Q1-11 /12	Q2-11 /12	Q3-11 /12	Q4-11 /12
Schedule - Actual	55,63	33,94	-146,8	151,2	-90,28	42,22	20,16	13,32	-36,41	-60,88	212,9	67,70	-113,4	-85,42	186,8	72,19	-165,6	423,7	-44,19	83,25	-421,2	44,78	-75,13	278,9

Annex Table 5 - Actual Budget Support disbursements compared with Treasury Bill rates

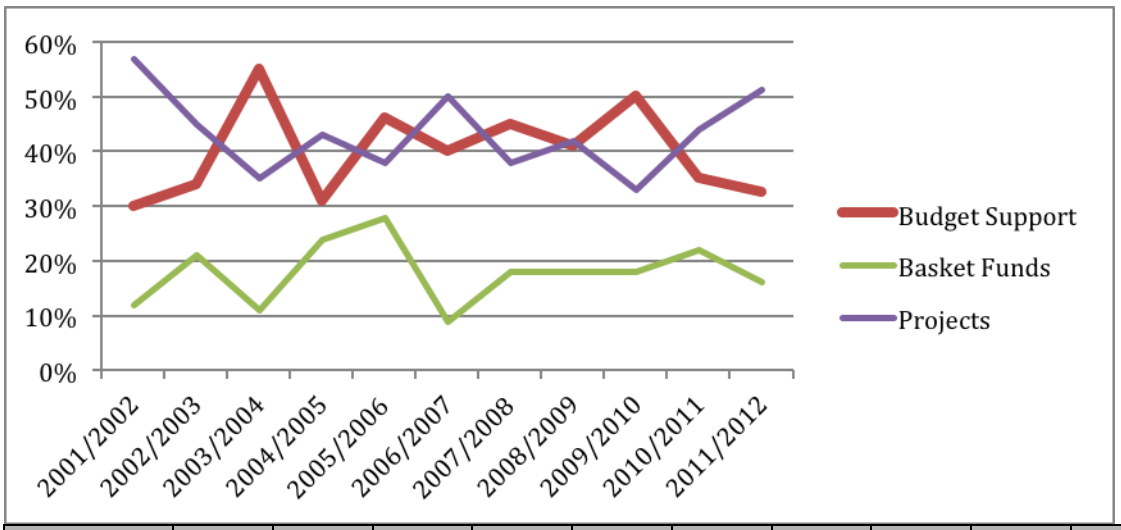
Corresponding to Figure 5 in Volume I.



	Q3-07/ 08	Q4-07/ 08	Q1-08/ 09	Q2-08/ 09	Q3-08/ 09	Q4-08/ 09	Q1-09/ 10	Q2-09/ 10	Q3-09/ 10	Q4-09/ 10	Q1-10/ 11	Q2-10/ 11	Q3-10/ 11	Q4-10/ 11	Q1-11/ 12	Q2-11/ 12	Q3-11/ 12	Q4-11/ 12
Actual BS Disbursements	20,164.4	13,325.2	41,293	418,663	212,991	67,701.9	774,895	26,207.6	197,572	215,988	185,714	642,286	17,771.4	83,258.3	18,348.6	379,892	19,612.5	278,902.
Treasury Bills rates (91 days)	7.33	5.25	9.18	10.85	12.00	8.47	3.50	4.91	4.80	2.27	3.49	4.87	5.58	3.83	4.81	11.08	12.65	13.67

Annex Table 6 - Disbursements by Aid modalities as % of total ODA.

Corresponding to Figure 6 in Volume I.



Instrument	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
BS	30%	34%	55%	31%	46%	40%	45%	41%	50%	35%	33%
Basket Funds	12%	21%	11%	24%	28%	9%	18%	18%	18%	22%	16%
Projects	57%	45%	35%	43%	38%	50%	38%	42%	33%	44%	51%

Annex Table 7 – The Budget Support PAF: numbers, types of indicators and assessment.

Corresponding to Figure 7, Table 7, Table 8, Table 9 and Table 10 i**n Volume I.**

Table 1 – Total number of indicators by cluster

	2006/07	2007/08	2008/09	2009/10	2010/11	Total
Cluster I	24	29	31	24	18	126
Cluster II	16	25	16	21	15	93
Cluster III	11	16	11	15	14	67
Cluster IV	17	19	16	22	13	87
Total	68	89	74	82	60	373

Table 2 – Total number of indicators achieved (including satisfactory and on track for OI)

	2006/07	2007/08	2008/09	2009/10	2010/11	Total
Cluster I	17	15	15	11	8	66
Cluster II	7	18	10	7	12	54
Cluster III	8	6	5	7	7	33
Cluster IV	11	10	5	9	6	41
Total	43	49	35	34	33	194

Table 3 – Per cent achieved

	2006/07	2007/08	2008/09	2009/10	2010/11	Total
Cluster I	71%	52%	48%	46%	44%	52%
Cluster II	44%	72%	63%	33%	80%	58%
Cluster III	73%	38%	45%	47%	50%	49%
Cluster IV	65%	53%	31%	41%	46%	47%
Total	63%	55%	47%	41%	55%	52%

Table 1 – Total number of UPs, TPAs and OIs in the PAF

	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	Total
UPs	0	0	0	1	25	27	23	20	21	14	131
TPAs	25	56	72	53	20	20	32	24	25	12	339
OIs	4	0	0	1	22	24	34	35	40	34	194
Total	29	56	72	55	67	71	89	79	86	60	604

Table 2 – Total number of UPs, TPAs and OIs achieved

	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	Total
UPs	0	0	0	0	16	20	17	14	15	11	82
TPAs	14	37	30	31	7	8	17	12	10	8	166
Ois	2	0	0	1	13	21	15	17	17	17	86
Total	16	37	30	32	36	49	49	43	42	36	334

Table 3 – Percent achieved

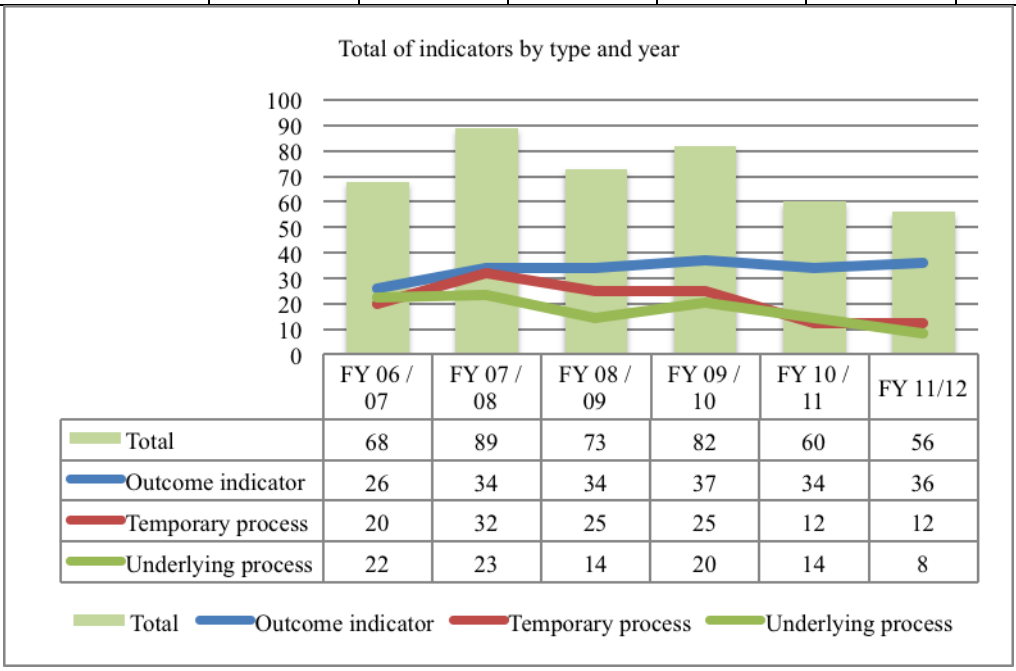
	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	Total
UPs				0%	64%	74%	74%	70%	71%	79%	70
TPAs	56%	66%	42%	58%	35%	40%	53%	50%	40%	67%	51
Ois	50%			100%	59%	88%	44%	49%	43%	50%	54
Total	55%	66%	42%	58%	54%	69%	55%	54%	49%	60%	55

Total of indicators by type and year

	FY 06 / 07	FY 07 / 08	FY 08 / 09	FY 09 / 10	FY 10 / 11	FY 11/12
Outcome indicator	26	34	34	37	34	36
Temporary process	20	32	25	25	12	12
Underlying process	22	23	14	20	14	8
Total	**68**	**89**	**73**	**82**	**60**	**56**

Total of new indicators each year

	FY 06 / 07	FY 07 / 08	FY 08 / 09	FY 09 / 10	FY 10 / 11	FY 11/12
Outcome indicator	3	7	12	9	13	23
Temporary process	13	29	24	0	10	12
Underlying process	0	2	3	6	0	1
Total New Indicators	**16**	**38**	**39**	**15**	**23**	**36**
As % of total indicators	24%	43%	53%	18%	38%	64%



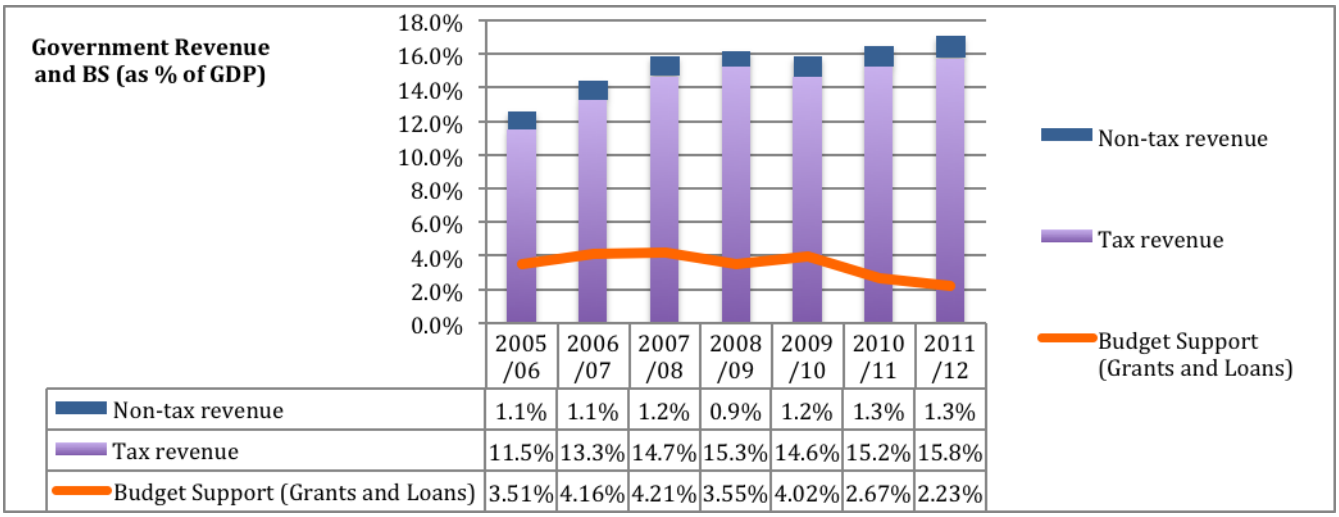
Annex Table 8 –Fiscal and Aid analysis.

Corresponding to Figure 11 and Table 13 in Volume I.

(billions of TSh)	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
	Actual	Actual	Actual	Actual	Actual	Actual	Prel.
Total revenue	2,125	2,739	3,635	4,293	4,800	5,739	7,222
Tax revenue	1,946	2,529	3,359	4,044	4,428	5,296	6,677
Import duties and excises	453	766	950	1,121	1,205	1,501	1,527
Import duties	191	246	289	359	367	449	498
Excises	262	520	661	762	838	1052	1029
Value-added tax	803	832	1,042	1,231	1,390	1,531	1,975
Income taxes	554	714	984	1,229	1334	1660	2247
Other taxes	137	219	383	463	499	604	732
LGA own sources							196
Nontax revenue	178	210	275	249	372	443	545
Total expenditure	3,873	4,475	5,217	6,907	8,312	9,439	10,763
Recurrent expenditure	2,920	3,296	3,398	4,681	5,700	6,690	6,989
Wages and salaries	657	976	1,135	1,609	1,723	2,346	2,722
Goods and services and transfers	2,044	2,105	1,998	2,830	3,728	3,991	3,831
of which: MDRI (IMF) related	0	18	7	0			
of which CFS (other)							
Interest payments	219	216	265	243	249	353	436
Domestic	164	185	237	208	208	285	345
Foreign 2	55	31	27	35	41	68	91
Development expenditure	953	1,179	1,819	2,226	2,611	2,749	3,774
Domestically financed	296	504	567	906	1005	985	1872
of which: MDRI (IMF) related	0	105	114				0
Foreign financed	657	675	1,252	1,320	1,607	1,764	1,902
Overall balance before grants	(1,748)	(1,736)	(1,583)	(2,614)	(3,512)	(3,701)	(3,541)
							-
Grants	911	953	1,581	1,340	1,405	1,627	1,855
Program (including basket grants) 3	507	591	832	798	924	1,062	1,021
Project	328	242	636	462	439	370	612
HIPC grant relief	76						
MDRI (IMF) grant relief		123	114	68	22		-
MCA funding				12	20	196	222
							-
Overall balance after grants	(837)	(783)	(1)	(1,275)	(2,107)	(2,073)	(1,686)
Adjustment to cash	(87)	(171)	(365)	60	167	(320)	(382)
							-
Overall balance (cash basis)	(924)	(954)	(366)	(1,215)	(1,940)	(2,393)	(2,068)
Financing	924	954	366	1,215	1,940	2,393	2,070
Foreign (net)	561	717	730	956	1,380	1,149	1,735
Foreign loans	669	746	775	984	1,448	1,192	1,815
Program (including basket loans)	340	313	566	495	752	394	419
Project	329	433	209	489	696	643	595
Nonconcessional borrowing				-	-	154	801
Amortization	(108)	(30)	(45)	(27)	(68)	(43)	(80)
Domestic (net)	349	237	(363)	214	560	1,244	335
Bank financing	127	25	(346)	214	585	907	71
Nonbank financing	222	212	-	-	(25)	337	264
Amortization of parastatal debt	(19)	-	(15)	-	(9)	-	-
Privatization proceeds	33	-	-	45	10	-	-
Total public debt (in percent of GDP)	14.8	16.1	13.3	29.9	32.8	37.5	38.5
Recurrent expenditures (percent of recurrent resources)	137	120	93	96	104	103	88
Nominal GDP	16,857	19,010	22,865	26,497	30,253	34,763	41,120

(% of GDP)	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Total revenue	12.6%	14.4%	15.9%	16.2%	15.9%	16.5%	17.6%
Tax revenue	11.5%	13.3%	14.7%	15.3%	14.6%	15.2%	16.2%
Import duties and excises	2.7%	4.0%	4.2%	4.2%	4.0%	4.3%	3.7%
Import duties	1.1%	1.3%	1.3%	1.4%	1.2%	1.3%	1.2%
Excises	1.6%	2.7%	2.9%	2.9%	2.8%	3.0%	2.5%
Value-added tax	4.8%	4.4%	4.6%	4.6%	4.6%	4.4%	4.8%
Income taxes	3.3%	3.8%	4.3%	4.6%	4.4%	4.8%	5.5%
Other taxes	0.8%	1.2%	1.7%	1.7%	1.6%	1.7%	1.8%
LGA own sources		0.0%	0.0%	0.0%	0.0%	0.0%	0.5%
Nontax revenue	1.1%	1.1%	1.2%	0.9%	1.2%	1.3%	1.3%
Total expenditure	23.0%	23.5%	22.8%	26.1%	27.5%	27.2%	26.2%
Recurrent expenditure	17.3%	17.3%	14.9%	17.7%	18.8%	19.2%	17.0%
Wages and salaries	3.9%	5.1%	5.0%	6.1%	5.7%	6.7%	6.6%
Goods and services and transfers	12.1%	11.1%	8.7%	10.7%	12.3%	11.5%	9.3%
of which: MDRI (IMF) related	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
of which CFS (other)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest payments	1.3%	1.1%	1.2%	0.9%	0.8%	1.0%	1.1%
Domestic	1.0%	1.0%	1.0%	0.8%	0.7%	0.8%	0.8%
Foreign 2	0.3%	0.2%	0.1%	0.1%	0.1%	0.2%	0.2%
Development expenditure	5.7%	6.2%	8.0%	8.4%	8.6%	7.9%	9.2%
Domestically financed	1.8%	2.7%	2.5%	3.4%	3.3%	2.8%	4.6%
of which: MDRI (IMF) related	0.0%	0.6%	0.5%	0.0%	0.0%	0.0%	0.0%
Foreign financed	3.9%	3.6%	5.5%	5.0%	5.3%	5.1%	4.6%
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Overall balance before grants	-10.4%	-9.1%	-6.9%	-9.9%	-11.6%	-10.6%	-8.6%
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants	5.4%	5.0%	6.9%	5.1%	4.6%	4.7%	4.5%
Program (including basket grants) 3	3.0%	3.1%	3.6%	3.0%	3.1%	3.1%	2.5%
Project	1.9%	1.3%	2.8%	1.7%	1.5%	1.1%	1.5%
HIPC grant relief	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
MDRI (IMF) grant relief	0.0%	0.6%	0.5%	0.3%	0.1%	0.0%	0.0%
MCA funding	0.0%	0.0%	0.0%	0.0%	0.1%	0.6%	0.5%
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Overall balance after grants	-5.0%	-4.1%	0.0%	-4.8%	-7.0%	-6.0%	-4.1%
Adjustment to cash 4	-0.5%	-0.9%	-1.6%	0.2%	0.6%	-0.9%	-0.9%
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Overall balance (cash basis)	-5.5%	-5.0%	-1.6%	-4.6%	-6.4%	-6.9%	-5.0%
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Financing	5.5%	5.0%	1.6%	4.6%	6.4%	6.9%	5.0%
Foreign (net)	3.3%	3.8%	3.2%	3.6%	4.6%	3.3%	4.2%
Foreign loans	4.0%	3.9%	3.4%	3.7%	4.8%	3.4%	4.4%
Program (including basket loans) 2	2.0%	1.6%	2.5%	1.9%	2.5%	1.1%	1.0%
Project	2.0%	2.3%	0.9%	1.8%	2.3%	1.8%	1.4%
Nonconcessional borrowing	0.0%	0.0%	0.0%	0.0%	0.0%	0.4%	1.9%
Amortization	-0.6%	-0.2%	-0.2%	-0.1%	-0.2%	-0.1%	-0.2%
Domestic (net)	2.1%	1.2%	-1.6%	0.8%	1.9%	3.6%	0.8%
Bank financing	0.8%	0.1%	-1.5%	0.8%	1.9%	2.6%	0.2%
of which Borrowing/roll over	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.2%
Nonbank financing	1.3%	1.1%	0.0%	0.0%	-0.1%	1.0%	0.6%
Amortization of parastatal debt	-0.1%	0.0%	-0.1%	0.0%	0.0%	0.0%	0.0%
Privatization proceeds	0.2%	0.0%	0.0%	0.2%	0.0%	0.0%	0.0%
Total public debt (in percent of GDP) 7	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Recurrent expenditures (percent of recurrent resources)	0.8%	0.6%	0.4%	0.4%	0.3%	0.3%	0.2%

From the MoF (% of GDP):	**2005/06**	**2006/07**	**2007/08**	**2008/09**	**2009/10**	**2010/11**	**2011/12**
Programme loans and grants	3.51%	4.16%	4.21%	3.55%	4.02%	2.67%	2.30%
BS Grants	1.99%	2.65%	2.63%	2.30%	2.08%	2.09%	1.64%
BS Loans	1.52%	1.51%	1.58%	1.25%	1.93%	0.58%	0.59%
Basket loan and grants	1.78%	0.94%	1.74%	1.57%	1.49%	1.60%	1.12%
Project loan and grants	4.43%	5.71%	3.70%	3.01%	3.75%	3.48%	3.37%
Tax revenue (from IMF)	12.61%	14.41%	15.90%	16.20%	15.87%	16.51%	17.56%
Tax revenue + GBS	16.12%	18.57%	20.11%	19.75%	19.88%	19.18%	19.87%
Tax revenue + GBS + Basket Funds + Projects	22.33%	25.22%	25.55%	24.33%	25.13%	24.26%	24.36%
Total ODA	9.72%	10.81%	9.65%	8.13%	9.26%	7.75%	6.80%
Data from the MoF (*millions of TSh*):	**2005/06**	**2006/07**	**2007/08**	**2008/09**	**2009/10**	**2010/11**	**2011/12**
Programme loans and grants	591,711	790,334	963,397	940,646	1,214,665	928,330	947,391
BS Grants	335,126	502,913	601,324	608,724	629,540	726,524	673,062
BS Loans	256,585	287,422	362,073	331,923	585,125	201,806	243,318
Basket loan and grants	299,752	158,891	398,581	415,236	452,138	555,290	461,000
Project loan and grants	747,513	962,078	844,970	797,376	1,134,708	1,209,192	1,386,000
Total ODA	2,230,687	2,701,638	3,170,346	3,093,905	4,016,174	3,621,143	3,710,772



	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Non-tax revenue	1.1%	1.1%	1.2%	0.9%	1.2%	1.3%	1.3%
Tax revenue	11.5%	13.3%	14.7%	15.3%	14.6%	15.2%	15.8%
Budget Support (Grants and Loans)	3.51%	4.16%	4.21%	3.55%	4.02%	2.67%	2.23%

Note: Tax revenue does not include LGA own sources

Annex Table 9 – Comparison with neighbouring countries indicators.

Corresponding to Figure 12 and Figure 13 in Volume I.

(Bill. TSh.)		**2005/06**	**2006/07**	**2007/08**	**2008/09**	**2009/10**	**2010/11**	**2011/12**
Tanzania	Total revenue	2,125.00	2,739.00	3,635.00	4,293.00	4,800.00	5,739.00	7,183.00
	Total expenditure	3,873.00	4,475.00	5,217.00	6,907.00	8,312.00	9,439.00	10,871.00
	Overall balance after grants	(837.00)	(783.00)	(1.00)	(1,275.00)	(2,107.00)	(2,073.00)	(1,662.00)
	Overall balance cash basis	5.48%	5.02%	1.60%	4.59%	6.41%	6.88%	6.64%
	GDP nominal	16,857.00	19,010.00	22,865.00	26,497.00	30,253.00	34,763.00	39,336.00
Kenya	Total revenue	311.30	373.00	432.20	487.90	548.10	667.50	748.20
	Total expenditure	382.80	419.50	534.90	596.50	725.20	811.80	1,001.50
	Overall balance after grants	(51.50)	(31.00)	(76.80)	(88.40)	(156.40)	(125.50)	(184.40)
	Overall balance cash basis	2.41%	1.71%	3.44%	3.70%	6.36%	4.26%	4.94%
	GDP nominal (market prices, in billions of Kenya shillings)	1,543.90	1,724.20	1,962.90	2,254.60	2,458.40	2,787.30	3,281.20
Uganda	Total revenue (%) GDP	2,267.00	2,667.00	3,145.00	3,758.00	4,273.00	5,209.00	6,666.00
	Total expenditure (%) GDP	3,228.00	3,856.00	4,384.00	5,205.00	6,836.00	8,900.00	9,876.00
	Overall balance after grants	13.00	(231.00)	(583.00)	(660.00)	(1,699.00)	(2,801.00)	(1,912.00)
	Overall balance cash basis	-0.07%	1.09%	1.95%	2.19%	4.87%	7.17%	3.76%
	GDP nominal	18,172.00	21,168.00	29,972.00	30,101.00	34,909.00	39,056.00	50,857.00

Annex Table 10 – Composition of expenditure.

Corresponding to Table 15 in Volume I.

Priority sectors total expenditure

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Education	609.62	918.94	1,074.66	1,051.79	1,051.79	1,211.85	1,097.52
Health	378.34	435.66	480.17	800.28	548.76	571.63	480.17
Water	101.14	209.11	182.92	160.06	160.06	137.19	114.33
Agriculture	108	96.45	251.52	251.52	342.98	320.11	297.25
Roads	169.73	399.63	503.03	548.76	823.14	868.87	891.74
Energy	111.58	90.73	68.6	68.6	91.46	182.92	297.25
Total	1,478.41	2,150.51	2,560.88	2,880.99	3,018.18	3,292.56	3,178.24

Priority sectors as % of total expenditure (excluding interest debt servicing)

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Education	16.68%	21.58%	21.70%	18.29%	17.26%	20.28%	18.34%
Health	10.35%	10.23%	9.70%	13.92%	9.00%	9.56%	8.02%
Water	2.77%	4.91%	3.69%	2.78%	2.63%	2.30%	1.91%
Agriculture	2.96%	2.26%	5.08%	4.37%	5.63%	5.36%	4.97%
Roads	4.64%	9.38%	10.16%	9.54%	13.51%	14.54%	14.90%
Energy	3.05%	2.13%	1.39%	1.19%	1.50%	3.06%	4.97%
Total	40.46%	50.49%	51.71%	50.10%	49.53%	55.09%	53.10%

Priority sectors as % of GDP nominal

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Education	3.62%	4.83%	4.70%	4.60%	4.60%	5.30%	4.80%
Health	2.24%	2.29%	2.10%	3.50%	2.40%	2.50%	2.10%
Water	0.60%	1.10%	0.80%	0.70%	0.70%	0.60%	0.50%
Agriculture	0.64%	0.51%	1.10%	1.10%	1.50%	1.40%	1.30%
Roads	1.01%	2.10%	2.20%	2.40%	3.60%	3.80%	3.90%
Energy	0.66%	0.48%	0.30%	0.30%	0.40%	0.80%	1.30%
Total	8.77%	11.31%	11.20%	12.60%	13.20%	14.40%	13.90%

Sources: RBA (2012) for period 2008/09 to 2011/12, RBA (2007) for period 2005/06 to 2006/07, MoF and Logintanzania for Agriculture and Energy for period 2005/06 to 2006/07.

Applying the assumption (Bill. TSh.)	**2005/06**	**2006/07**	**2007/08**	**2008/09**	**2009/10**	**2010/11**	**2011/12**
Total expenditure (less interests)	3,654						
Total revenue	2,125	2,739	3,635	4,293	4,800	5,739	7,222
Education	354.52	456.96	606.45	716.22	800.81	957.47	1,204.88
Health	220.02	283.60	376.37	444.50	497.00	594.22	747.77
Water	58.82	75.81	100.62	118.83	132.86	158.85	199.90
Agriculture	62.81	80.96	107.44	126.89	141.87	169.63	213.46
Roads	98.70	127.22	168.84	199.41	222.96	266.57	335.46
Energy	64.89	83.64	111.00	131.10	146.58	175.26	220.54
	859.78	1,108.20	1,470.72	1,736.95	1,942.08	2,322.00	2,922.02
Difference (presumably financed by BS, CBA and projects)							
Education	255.09	461.97	468.21	502.64	590.83	884.97	683.24
Health	158.31	152.06	103.79	482.89	229.07	274.85	78.28
Water	42.32	133.30	82.30	66.65	78.91	49.72	(3.22)
Agriculture	45.19	15.49	144.07	164.58	311.92	317.05	297.91
Roads	71.02	272.40	334.19	436.52	866.15	1,054.42	1,198.65
Energy	46.69	7.08	(42.41)	(51.61)	(25.57)	102.85	290.83
	618.63	1,042.31	1,090.16	1,601.67	2,051.31	2,683.87	2,545.68

(Bill. TSh.)	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Education							
Revenue financed	354.52	456.96	606.45	716.22	800.81	957.47	1,198.38
Project and CBF financed			156.81	63.84	162.03	182.76	53.77
SBS financed	-	-	33.37	63.59	57.45	38.39	138.85
Health							
Revenue financed	220.02	283.60	376.37	444.50	497.00	594.22	743.74
Project and CBF financed			360.22	419.84	279.32	348.42	289.75
Road							
Revenue financed	98.70	127.22	168.84	199.41	222.96	266.57	333.65
Project and CBF financed	71.43	86.58	33.25	458.41	174.62	309.93	267.37
SBS financed						71.03	
Energy							
Revenue financed	64.89	83.64	111.00	131.10	146.58	175.26	219.35
Project and CBF financed	0.02	0.02	0.02	0.03	0.04	0.05	0.05

Annex Table 11 - CAG Audits of LGAs, 1999 – 2011 (Percentage clean, qualified and adverse)

Results	**1999**	**2000**	**2001**	**2002**	**2003**	**2004***	**2004/05**	**2005/06**	**2006/07**	**2007/08**	**2008/09**	**2009/10**
Clean	10	16	12	37	39	51	62	53	100	72	77	65
Qualified	51	23	59	50	50	46	51	67	24	61	55	65
Adverse	51	75	43	28	27	20	4	4	0	0	1	4
TOTAL	**112**	**114**	**113**	**115**	**116**	**117**	**117**	**124**	**124**	**133**	**133**	**134**

Results	**1999**	**2000**	**2001**	**2002**	**2003**	**2004***	**2004/05**	**2005/06**	**2006/07**	**2007/08**	**2008/09**	**2009/10**
Clean	9%	14%	11%	32%	34%	44%	54%	46%	87%	54%	58%	49%
Qualified	46%	20%	52%	43%	43%	40%	44%	58%	21%	46%	41%	49%
Adverse	46%	66%	38%	24%	23%	17%	3%	3%	0%	0%	1%	3%
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Annex Table 12 – Growth analysis (GDP, Sectoral GDP and FDI)

Corresponding to Figures, 24,25, 26 and 27 in Volume I.

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
GDP growth (annual %)	4.93	6.00	7.16	6.89	7.83	7.37	6.74	7.15	7.44	6.02	7.04

Growth Rate of Gross Domestic Product (Monetary and Non monetary) by Kind of Economic Activity (at 2001 Price)

Economic activity (%)	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Gross domestic product at market prices	1.8	5.1	5.0	6.5	7.7	7.4	7.8	8.1	7.0	7.5	7.7	6.0	7.6
Agriculture, forestry, hunting & fishing	1.6	4.5	4.3	6.3	5.5	3.0	4.2	6.1	3.5	4.1	4.5	2.2	5.3
Crops	1.5	5.2	5.8	7.6	6.4	2.8	4.2	6.7	3.4	4.4	5.1	1.9	6.5
Livestock	1.5	3.6	-1.0	4.0	2.8	2.2	3.5	5.1	2.4	3.3	2.2	2.3	3.1
Forestry and hunting	0.5	2.4	6.0	3.1	3.3	3.0	2.7	3.6	4.6	3.3	3.2	3.6	4.1
Fishing	3.5	3.2	2.9	4.7	6.8	6.0	6.7	6.0	5.0	4.5	5.0	2.2	1.5
Industry and construction	7.0	6.9	4.5	6.7	9.6	11.4	11.3	10.4	8.4	9.4	8.5	7.1	8.2
Mining and quarrying	7.7	9.1	14.3	13.9	16.9	17.1	16.0	16.1	15.6	10.7	2.5	1.2	2.7
Manufacturing	5.5	6.0	4.8	5.0	7.5	9.0	9.4	9.6	8.5	8.7	9.9	8.0	7.9
Electricity, gas	6.2	4.0	6.2	5.9	6.2	7.2	7.5	9.4	-1.9	10.9	5.4	8.4	10.2
Water supply	-1.4	3.1	3.8	3.8	2.8	4.9	5.7	4.5	7.2	7.6	6.6	4.3	7.8
Construction	10.8	9.6	0.1	7.9	13.1	15.6	14.5	10.1	9.3	9.5	10.4	7.9	10.2
Services	4.9	4.6	5.4	6.5	8.0	7.9	8.0	8.2	8.0	8.3	8.7	7.1	8.3
Trade and repairs	6.3	6.0	4.3	6.4	8.3	9.7	5.8	6.7	9.5	9.8	10.0	7.5	8.2
Hotels and restaurants	7.3	6.0	4.1	4.8	6.4	3.2	3.6	5.6	4.3	4.4	4.5	4.4	6.1
Transport	4.3	3.8	4.3	4.9	5.9	5.0	8.6	6.7	5.3	6.5	6.9	6.0	7.0
Communications	5.3	6.6	5.6	8.7	10.4	15.6	17.4	18.8	19.2	20.1	20.5	21.9	22.1
Financial intermediation	4.5	4.0	3.9	6.9	10.1	10.7	8.3	10.8	11.4	10.2	11.9	9.0	10.1
Real estate and business services	3.6	3.7	5.1	3.4	8.1	7.1	7.3	8.4	8.0	7.5	7.1	5.7	7.5
Public administration	3.2	2.7	10.7	10.5	9.2	9.6	13.6	11.4	6.5	6.7	7.0	4.4	6.5
Education	6.6	3.6	4.0	11.4	7.0	2.8	4.0	4.0	5.0	5.5	6.9	7.1	7.3
Health	2.4	3.2	5.1	5.6	8.6	8.7	7.8	8.1	8.5	8.8	9.0	6.7	6.9
Other social and personal services	4.0	9.5	3.1	3.1	2.1	2.0	3.0	2.6	3.7	3.2	3.1	3.2	3.5
Gross value added before adjustments	4.5	5.1	4.9	6.5	7.7	7.5	7.9	8.2	7.1	7.7	7.8	6.1	7.7
less FISIM	1.3	3.4	1.4	2.5	8.7	11.7	10.1	11.8	14.9	15.3	11.0	8.7	9.1
Gross value added at basic prices	4.4	5.1	5.0	6.5	7.7	7.5	7.8	8.2	7.0	7.6	7.7	6.0	7.7
Taxes on products	4.2	4.8	4.9	6.0	7.2	6.9	7.8	7.4	6.8	6.9	7.8	5.8	6.7
Non-monetary													
Gross domestic product at market prices	2.8	3.7	4.7	3.5	4.5	4.1	7.8	3.1	5.2	4.8	5.7	6.0	3.5
Agriculture, forestry, hunting & fishing	2.4	3.4	4.8	2.7	4.2	3.7	8.9	1.7	4.6	3.9	4.8	5.0	2.0
Crops	2.0	3.5	3.2	2.2	4.5	4.0	10.2	1.2	5.0	4.7	5.1	5.5	1.5
Livestock	3.0	3.2	15.4	4.0	2.8	2.2	5.5	3.0	2.4	0.6	3.5	2.3	4.0
Forestry & hunting	4.3	2.5	2.7	4.7	3.3	3.0	2.7	3.6	4.6	2.1	3.8	3.3	4.1
Fishing	5.4	2.8	3.1	6.1	6.8	6.0	6.7	6.0	5.0	4.5	5.0	21.4	1.5
Industry & construction	4.6	4.0	4.3	5.4	4.6	3.0	3.0	9.1	9.6	9.9	10.4	5.1	9.2
Water supply	2.7	2.8	2.5	2.8	3.0	3.8	3.9	4.0	4.1	4.0	6.6	8.6	2.8
Construction	5.1	4.2	4.6	5.9	4.9	2.9	2.9	10.1	10.6	10.9	11.0	4.5	10.2
Services	3.5	4.5	4.7	5.6	5.5	5.6	5.7	5.9	6.0	6.0	7.1	9.0	6.1
Real estate & business services	4.8	4.5	4.7	5.6	5.5	5.6	5.7	5.9	6.0	6.0	7.1	9.0	6.1
Gross Domestic Product at market prices	4.1	4.8	4.9	6.0	7.2	6.9	7.8	7.4	6.7	7.1	7.4	6.0	7.0

Shares of Gross Domestic Product at 2001 Prices by Economic Activity

Economic Activity (%)	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Agriculture, Hunting and Forestry	29.6	29.4	29.3	29.0	28.4	27.4	26.9	26.1	25.4	24.6	24.0	23.3	22.7
Crops	21.6	21.6	21.5	21.4	21.1	20.4	20.1	19.6	19.1	18.6	18.2	17.8	17.3
Livestock	5.3	5.2	5.1	5.0	4.8	4.6	4.5	4.4	4.2	4.0	3.8	3.7	3.6
Forestry and hunting	2.7	2.6	2.6	2.5	2.4	2.4	2.2	2.2	2.1	2.0	2.0	1.9	1.9
Fishing	1.8	1.7	1.7	1.7	1.7	1.7	1.7	1.6	1.6	1.6	1.5	1.5	1.4
Industry and construction	17.7	18.0	17.9	18.0	18.4	19.1	19.6	20.2	20.5	20.9	21.2	21.4	21.6
Mining and quarrying	1.4	1.5	1.6	1.8	1.9	2.1	2.3	2.4	2.6	2.7	2.6	2.5	2.4
Manufacturing	8.4	8.5	8.5	8.4	8.4	8.6	8.7	8.9	9.0	9.2	9.4	9.5	9.6
Electricity, gas	2.2	2.1	2.2	2.2	2.1	2.1	2.1	2.2	2.0	2.1	2.0	2.1	2.1
Water supply	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Construction	5.2	5.4	5.1	5.2	5.5	5.8	6.1	6.2	6.4	6.5	6.7	6.8	7.0
Services	45.2	45.1	45.3	45.5	45.7	46.1	46.1	46.4	46.9	47.3	47.8	48.3	48.8
Trade and repairs	12.9	13.0	12.9	13.0	13.1	13.5	13.2	13.1	13.5	13.8	14.1	14.3	14.5
Hotels and restaurants	2.8	2.8	2.8	2.8	2.7	2.6	2.5	2.5	2.4	2.4	2.3	2.3	2.3
Transport	5.5	5.4	5.4	5.4	5.3	5.2	5.2	5.2	5.1	5.1	5.1	5.1	5.1
Communications	1.2	1.2	1.2	1.2	1.3	1.4	1.5	1.7	1.9	2.1	2.3	2.7	3.1
Financial intermediation	1.6	1.5	1.5	1.5	1.6	1.6	1.6	1.7	1.8	1.8	1.9	1.9	2.0
Real estate and business services	10.6	10.5	10.5	10.3	10.3	10.3	10.2	10.2	10.2	10.2	10.2	10.2	10.2
Public administration	6.5	6.4	6.8	7.0	7.2	7.4	7.8	8.0	8.0	8.0	8.0	7.8	7.8
Education	2.0	2.0	2.0	2.1	2.1	2.0	1.9	1.9	1.8	1.8	1.8	1.8	1.8
Health	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.4	1.4	1.4	1.4	1.4	1.4
Other social and personal services	0.9	0.9	0.9	0.9	0.9	0.8	0.8	0.7	0.7	0.7	0.7	0.6	0.6
Gross value added before adjustments	94.2	94.2	94.2	94.2	94.2	94.2	94.2	94.3	94.3	94.4	94.4	94.5	94.5
less FISIM	-1.0	-0.9	-0.9	-0.9	-0.9	-0.9	-1.0	-1.0	-1.1	-1.1	-1.2	-1.2	-1.2
Gross value added at 2001 basic prices	93.3	93.3	93.3	93.3	93.3	93.3	93.3	93.3	93.3	93.3	93.3	93.3	93.3
Add Taxes on products	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7
Gross Domestic Product at 2001 market prices	100	100	100	100	100	100	100	100	100	100	100	100	100

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Annex Five: List of Persons met

NAME	TITLE	ORGANISATION
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Dr Joseph Leina Masawe	Director of Economic Research Policy	Bank od Tanzania
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Gerald Remy	Economist	Ministry of Energy and Minerals
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Dr Albina A. Chuwa	Director General	National Bureau of Statistics Division (MOFEA)
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S. J. Maingu		Accountant Generals Department (MOFEA)
Adam Mshanjane		Accountant Generals Department (MOFEA)
Regina L. Kikuli	Director of Policy Planning	Ministry of Health and Social Welfare
Dr Donan W. Mmbando	Director Preventive Services	Ministry of Health and Social Welfare
George D. Yambesi	Permanent Secretary	President's Office - Public Service Management
Theonest K. Ruhilabake	Assistant Director - Committees Dept.	Tanzania Parliament
Matthew Kileo	Committee Secretary, PAC	Tanzania Parliament
Aunysia Boniface Meena	Principal Transport Economist	Ministry of Transport
Gabriel A. Saelie	Director - Policy and Planning	Ministry of Water
CSOs / Private Sector		
Renatus Mbamilo	Policy Analyst	Agricultural Council of Tanzania
Dr. J. Kipokola	Board Chairman	BancABC
Nadine George		Confederation of Tanzania Industries

NAME	TITLE	ORGANISATION
Conor Walsh	Country Representative	Catholic Relief Services
Emmanuelle Nyagawar	Research Trainee	ESRF - DSM
John Ulanga	Executive Director	The Foundation for Civil Society
Charles K. Kaira	Transport Specialist	ITTransport
Rajabu Mruma		National Muslim Council of Tanzania
Monica Gorman	Country Programme Director - Tanzania	OXFAM
Johansein Rutaihwa	Commissioned Studies Officer	REPOA
S. Charles		TCCIA
Cecilia Nzeganye	Programme Officer	TCRS
Youdi Schipper	Uwazi Manager	Twaweza ni sisi
Rose Aiko		Twaweza ni sisi
Arthur G.K. Mwakapugi	Economist/Planner	Independent Consultant
Winston Mosha		Womens Legal Aid Centre
Mary Masalla		Women in Social Entrepeneurship
Development Partners		
Alex M. Mubiru	Principal Country Economist	African Development Bank
Marshall Elliott	Head Office	DFID
Richard Moberly	Senior Economic Adviser	DFID
Phillip Cockerill	Statistics and Results Adviser	DFID
Yuko Ikeda	Coordinator for Economic Cooperation	Embassy of Japan
Renet van der Waals	DHM/Head of Development Cooperation	Embassy of Kingdom of the Netherlands
Olav Lundstol	Counsellor (Country Economist)	Embassy of Norway
Maria van Berlekom	Deputy Head of Mission	Embassy of Sweden
Gullaume Barraut	Economist	European Union
Riikka Torppa	Economist	European Union
Thomas Baunsgaard	Resident Representative	International Monetary Fund
Xavier Maret	Coordinator	International Monetary Fund
Fenohasina Maret	Economic Advisor	Irish Aid
Wolfgang Solzbacher	Director - Tanzania Office	KFW
Geraldine Zeuner	Head of Cooperation	SECO
Mari Martinsen	Aid Coordination Consultant	United Nations Programme
Waly Wane	Senior Economist	The World Bank
Stevan Lee	Senior Economist	The World Bank
David Rohrbach	Senior Agriculture Economist	The World Bank

Annex Six: Summary of GBS/ SBS programme agreements

Partnership Framework Memorandum (PFM) General Objectives and Underlying Principles

All development partners (DP) who provide aid through the GBS mechanism should follow the PFM. However, bilateral agreements have precedence over this PFM.

Overall Objective of GBS mechanism: contribute to Tanzania's economic growth and poverty reduction in all its dimensions by supporting the financing, implementation, and monitoring of MKUKUTA.

Intermediate Objectives:

- Providing financial resources to the public sector to be used to promote growth and poverty reduction;
- Improving aid effectiveness and country ownership of the development agenda, reducing transaction costs, enhancing predictability of aid flows and shifting accountability from donors to citizens;
- Improving public expenditures and financial management, enhancing national planning and budget process;
- Improving monitoring and evaluation and ensuring mutual accountability;
- Engaging in policy dialogue aimed at enriching the country's strategies for growth and reduction of poverty; and
- Strengthening and using the national planning and budgeting process, and strengthening the capacity of Local Government Authorities, which are the front line implementers of the MKUKUTA.

Underlying Principles:

Observance of the underlying principles is critical for the continuation of the GBS partnerships. Non-compliance will be handled through consultation and dialogue and the decrease in credit where appropriate.

- Continue sound macro-economic policies and management;
- Commitment to achieving MKUKUTA objectives and MDGs;
- Sound budgeting and public financial management systems;
- Continuing peace and respect for human rights, the rule of law, democratic principles, and the independence of the judiciary branch;
- Good governance, accountability of the government to its citizens and integrity of public life, including the active fight against corruption.

Agency: *Danish International Development Assistance*

- **Programme Title:** *Support to Macroeconomic and Institutional reforms in Tanzania*

- **Type of Budge Support:** *General Budget Support, and basket funds for the Public Financial Management Reform Programme (PFMRP), the Legal Sector Reform Programme (LSRP), and the Public Service Reform Programme (PSRP)*

- **Total Value (in original currency):** *DKK 575 million*

- **Anticipated Disbursements:** *In Million DKK*

	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	Total
GBS	90	90	95	100	100	475
PFMRP	5	5	10	10	0	30
PSRP	10	10	10	0	0	30
LSRP	10	15	10	0	0	35
Variable			19	20	20	
Tech Assist.	1	1	1	1	1	5
Total	116	121	126	111	101	575

It is expected that the reform programmes will be able to successfully contest for resources with other political priorities. If the review of the reform programmes justify the need for continued earmarked support to the reform programmes GBS might be reallocated to the reform program or vice versa. Reallocation will be subject to the approval by both parties.

- **Technical Assistance:** *Yes. Technical Assistance and Reviews will managed by the Danish Embassy. Review of the reform programmes shall be undertaken after 2 – 3 years of implementation, then PFMRP and PSROP components will be reviewed semi-annually and the LSRP component will be reviewed quarterly. The GBS component will be reviewed annually. Programme management will submit progress reports to Denmark so that they can carry out the reviews. Government of Denmark will also jointly monitor and evaluate the programme with GoT.*
  - **If Yes; Anticipated Value:** *DKK 5 million (1 million each year)*

- **Stated Objectives:**
  - *Overall Objective*
    - *Contribute to GoT's efforts to reduce poverty in accordance to the second-generation Poverty Reduction Strategy (PRS) "National Strategy for Growth and Reduction of Poverty (NSGRP).*
  - *General Budget Support*
    - *Contribute to financing the implementation of NSGRP.*
    - *Increase discretionary resources in order to be able to:*
      - *Support increasing economic growth.*
      - *Enhance the quality of life and social well-being.*
      - *Improve governance and accountability.*
    - *Enhance effectiveness of public expenditures.*

- *Increase technical capacity and competence of the Public Financial Management Reform Programme (PFMRP)*
- *Modernise and enhance the effectiveness of the public sector by contributing to the Public Service Reform Programme (PSRP)*
- *Strengthen the judicial system by contributing funds to the Legal Sector Reform Programme (LSRP)*

Disbursement Conditions

- *General Conditions:*
  - *Promptly inform Denmark of any condition which may interfere with the successful implementation of the programme.*
  - *Give advice on all reports and recommendations within a reasonable time.*
  - *Facilitate and collaborate actively with external consultants and institutions contracted by Denmark to monitor and study programme, and strengthen institutions associated with programme.*
  - *Ensure funds for payment of all expenses required for the establishment and operation of programme that will not be paid for by Denmark.*
  - *Use best endeavours to optimise the use of programme resources and co-ordinate their efforts under this agreement with other development partners.*
- *Addendum Conditions*
  - *Addendum 08/09*
    - *The variable tranche for FY 08/09 that amounts to 19 million DKK is contingent on the fulfilment of the indicator "anti-corruption legislation has been passed by Bunges, there had been an assent by the President, and a specific date for operationalization of the Act had been published by the Minister of State for Good Governance in Government Notice by end of first quarter of the 2007/2008 financial year".*
  - *Addendum 09/10*
    - *The variable tranche for FY 09/10 that amounts to 20 million DKK is contingent on the fulfilment of a target from the PAF 2008 which states that the new Public Audit Act will be published in the Government Notice at the latest by end of October 2008*
  - *Addendum 10/11*
    - *The variable tranche for FY 10/11 that amounts to 20 million DKK is contingent on the fulfilment of a target from the PAF 2009 relating to the "Publication of the PCCB strategic Plan 2009-13, and the finalisation of the National Governance and Corruption Survey, at the latest by end October 2009".*
- *Technical Assistance Conditions:*
  - *Danish assistance to the programme will become effective if:*
    - *GBS*
      - *Submission of a signed external GBS audit report covering FY 04/05.*
      - *Submission of outstanding programme completion reports for the programmes: "Tanzania Multilateral Debt Fund, 1998-2001", Budget Support and Support for Public Sector Reforms, 2001-2004", and "Poverty Reduction Budget Support, Public Financial Management Reform Programme and Public Service Reform Programme, 2004-2005".*

- *Submission of a signed external audit report covering FY 04/05 for the PFRMP basket fund account.*
- *Submission of signed external audit reports covering FY 01/02 and 03/04 for the Legal Sector Quick Start basket fund account.*
- *Submission of a signed external audit report covering FY 04/05 for the PSRP basket fund account.*
- *Submission of a signed external audit report covering FY 04/05 for the SASE basket fund account.*

- **Consistency with Development Agency's Country Assistance Strategy:**
  - **Common Objectives**
  - **Apparent Areas of Difference**

Agency: *Danish International Development Assistance (DANIDA)*

- **Programme Title:** *General Budget Support to Tanzania*
- **Type of Budge Support:** *General Budget Support (GBS)*
- **Total Value (in original currency):** *DKK 615 million*
- **Anticipated Disbursements:** *in Million DKK*

	2011/2012	2012/2013	2013/2014	2015/2016	2016/2017	Total
Fixed Tranche	98	98	98	98	98	490
Potential Annual Performance Tranche	15	15	15	15	15	75
Potential MDG-Tranche	9	9	9	9	9	45
Technical Assistance	1	1	1	1	1	5

The two performance tranches comprise of additional resources above the base flows expected from the fixed tranche that will act as a reward for good performance.

- **Technical Assistance:** *Yes. This includes the exchange of data, documentation, and information; the appropriate amount of assistance to discharge the parties duties, support in the implementation of this GBS program, monitoring the implementation of the program, and the joint GBS Annual Review which acts as the final assessment of the jointly agreed upon PAF indicators.*
  - **If Yes; Anticipated Value:** *5 million*

- **Stated Objectives:**
  - *Development Objective, as per the PFM:*
    - *Contribute to Tanzania's economic growth and poverty reduction by supporting the financing, implementation and monitoring of the National Strategy of Growth and Reduction of Poverty II.*
  - *Immediate Objectives (same as PFM):*
    - *Provide financial resources to the public sector to be used to promote growth and poverty reduction.*
    - *Improving aid effectiveness and country ownership of the development agenda, reducing transaction costs, enhancing predictability of aid flows and shifting accountability from donors to citizens;*
    - *Improving public expenditures and financial management, enhancing national planning and budget process;*
    - *Improving monitoring and evaluation and ensuring mutual accountability;*
    - *Engaging in policy dialogue aimed at enriching the country's strategies for growth and reduction of poverty; and*
    - *Strengthening and using the national planning and budgeting process, and strengthening the capacity of Local Government Authorities, which are the front line implementers of the MKUKUTA.*

- **Disbursement Conditions:**
  - *General principles and terms for Denmark's provision of GBS is set out in the PFM.*
  - *Prerequisites for this agreement*
    - *Commitment to international law and conflict prevention.*
    - *Respect for human rights, democratic principles, including free and fair elections and transparent processes, and the rule of law.*
    - *Independence of the judiciary.*
    - *Accountable government and fighting against corruption.*
    - *Sound macro-economic policies and commitment to poverty reduction.*
  - *Addendum 2011 Condition.*
    - *The disbursement of the Annual Performance Tranche for the FY 2011/2012 is contingent on the following targets from the Performance Assessment Framework (PAF) for 2010:*
      - *Present a time bound ROADMAP to improve the Business Environment in Tanzania by March 2010*
      - *Implement selected critical short term priority actions in ROADMAP by October 2010.*
      - *Reduce overall expenditure on duty facilitating allowances and honoraria in Ministries, Departments and Agencies and promote positive use of allowances in under-served areas in line with the principles of MTPP by June 2010.*
      - *Implement the agreed time-bound action plan derived from the NAO audit of IFMIS (only actions implementable in year 1).*
      - *Average level of compliance of procuring entities with the Procurement Act 2004 to reach 65% by end of 2010.*
      - *Introduce regionally disaggregated targets for a number of indicators on key social sectors (education and health- at least one each) into PAF 2011.*
- **Consistency with Development Agency's Country Assistance Strategy:**
  - **Common Objectives**
  - **Apparent Areas of Difference**

Agency: *Department of International Development (DFID)*

- **Programme Title:** *Poverty Reduction Budget Support (PRBS) To Tanzania For 2006/09*

- **Type of Budge Support:** *General Budget Support (three year rolling framework grant for poverty reduction budget support)*

- **Total Value (in original currency):** *£310 million*

- **Anticipated Disbursements:** *In Million £*

Fiscal Year	2006/2007	2007/2008	2008/2009
Core	90	95	105
Indicative	0	10	10
Total	90	105	115

Framework grant is split into 2 types of disbursements: core and indicative. If the annual review in October is satisfactory or better, that year's indicative disbursement will be added onto the core commitment for the next year. Core commitment will only be reduced if the underlying principles in the PRBS MoU are broken.
Single tranche: at the beginning of each financial year a single payment will be made to cover activities within that financial year.

- **Technical Assistance:** *No*
  - **If Yes; Anticipated Value:**

- **Stated Objectives:**
  - *Increase the financial and institutional capacity of the GoT to implement MKUKUTA.*
  - *By supporting the implementation of MKUKUTA, DFID's PRBS supports it's three clusters of goals:*
    - *economic growth and poverty reduction*
    - *increase quality of life and social well-being*
    - *governance and accountability*
  - *Fill financing gap GoT faces so that there are enough funds to implement MKUTUTA at the rate needed to meet MDGs in 2015.*
  - *Meet the two main challenges (identified in the MKUTUTA) GoT faces in accelerating progress toward MDGs:*
    - *maximize the distributional impact of growth in reducing poverty in rural areas by improving food availability, extending affordable energy, strengthening access to micro-finance, formal employment promotion, and diversification of agricultural and non-agricultural activities*
    - *promote inclusion by increasing access to economic opportunities and developing new social protection policy to strengthen human capital development.*
  - *Address inefficient spending of MoF by strengthening the incentives for strong sector performance review processes and providing an opportunity for high-level dialogue on the issues.*

- *Increase domestic political accountability by building the performance assessment framework (PAF) around national processes and providing opportunities for parliament, civil society, and private sector to engage in policy discussions.*
  - *Hopes to strengthen national processes and mitigate the risk of displacement of GoT's accountability to citizens with the GoT's accountability to donors.*
- *Provide more predictable and timely PRBS by utilizing a single tranche.*

- **Disbursement Conditions:**
  - *Reflected in the five year multilateral MoU for budget support:*
    - *The new multilateral partnership framework memorandum (PFM) identifies the underlying principles for this PRBS. The GoT must:*
      - *Strongly commit to achieving MKUKUTA objectives and MDGs.*
      - *Possess sound budgeting and public finance management system.*
      - *Continue peace and respect human rights, rule of law, and independent judiciary system.*
      - *Actively fight against corruption and accountability of government to it's citizens.*
    - *Observance of these principles are critical for the continuation of budget support.*
      - *Core component of framework grant will be reduced if MoU is broken.*
  - *Additional conditions for PRBS set out in DFID's 2004 PRBS Policy Paper:*
    - *Government's budget priorities support poverty reduction.*
      - *example → an increase in government expenditures going to key poverty reducing sectors such as health, education, and sanitation.*
    - *Government is committed to improving administrative, technical, and financial systems.*
    - *Budget support will produce significant benefits relative to other forms of aid.*

- **Consistency with Development Agency's Country Assistance Strategy:**
  - **Common Objectives**
  - **Apparent Areas of Difference**

Agency: *Europe Aid Co-operation*

- **Programme Title:** *Support to the Education Sector Reform 06-08*
- **Type of Budge Support:** *Sector Budget Support*
- **Total Value (in original currency):** *43,500,000 Euro*
- **Anticipated Disbursements:** *(in million Euro)*

FY	Amount
2006/2007	14.5
2007/2008	14.5
2008/2009	14.5

- **Technical Assistance:** *No*
  - **If Yes; Anticipated Value:**

- **Stated Objectives:**
  - *Main Objective:*
    - *Improve the quality of basic education services delivered to the public, while ensuring a more equitable and pro-poor access to effective and efficient education services*
  - *Recognize the role of the local government authorities as the primary providers of services (Edu) at the local level*
  - *In line with MKUKUTA's target cluster # 2 (improve quality of life and social well being)*
    - *Ensure equitable access to quality primary and secondary education for boys and girls*
    - *Universal literacy among men and women*
    - *Expansion of higher, technical, and vocational education*
  - *Support GoT's efforts to develop a more effective planning and budget process*
  - *Expected Results*
    - *Improved quality of education*
    - *Increased equitable, pro-poor and pro-vulnerable educational services*
    - *Strengthened decentralization of service delivery in basic education*
    - *Strengthened grass-root decision making process through more democratic and effective information sharing systems*

- **Disbursement Conditions:**
  - *Have a unified intergovernmental fiscal transfer system, which brings together all the different funding modalities under a single institutional structure no later than by financial year 08/09*
    - *Harmonization of individual DPs support is seen as the road to reach this*
  - *Main activities necessary for the achievement of the four expected results (very flexible conditions)*
    - *Improved quality of education*
      - *Increase the quality of teacher through strengthened in-service and pre-service teacher training including regular professional support for*

effective performance
- *Improve the assessment and examination systems*
- *Update sector technical and professional standards*
- *Rationalization of teacher deployment through hardship incentive package*
- *Provide schools with sufficient quality teaching and learning materials*
- *strengthen monitoring and evaluation with the involvement of inspectorate, school committees and teachers in quality assurance*
- *Promote research in decision making processes*
- *Strengthen governance at LGA and school level*

- *Increased equitable, pro-poor and pro-vulnerable educational services*
  - *Increase enrolment of children with disabilities and other vulnerable groups (orphans) and disadvantaged groups in both primary and secondary schools*
  - *Increase performance and retention of girls in primary and secondary schools*
  - *Encourage equitable distribution of educational institutions and resources*
  - *Pursue the abolishment of school fees and the allocations of capitation and development grants*
  - *control the spread of HIV/AIDS through the education system*
  - *Expand and improve the provision of adult, no formal, distance and out of school education especially to women in rural areas*
- *Strengthened decentralization of service delivery in basic education*
  - *Ensure all LGAs are held harmless for potential decreases in the allocation process of formula-based recurrent block grants*
  - *Harmonize the formulae for capitation grant and ensure that it is channelled through the block grant*
  - *Build the capacity of LGAs for them, to abide by all financial, technical and professional standards in the delivery of local services as set forth by the Ministry of Education*
  - *Sensitize LGAs to use the grant for the effective administration and delivery of Universal Primary Education at council level, including adult education*
  - *Rationalize teacher recruitment (ensure councils only take on teacher f or which they have resources available under the fiscal transfer mechanism)*
  - *Improve systems and financial management (report expenditures)*
  - *Engage the sector in enlarging the fiscal decentralization to secondary education, adult education, non-formal education and vocational training*
- *Strengthened grass-root decision making process through more democratic and effective information sharing systems*
  - *Ensure sectoral performance assessment measures feed back to all levels of implementation*
  - *Promote bottom-up planning, budgeting, and monitoring*
  - *Build capacity of the Parliamentary committee on Social Services*

Agency: *Europe Aid Co-operation formerly known as AIDCO*

- **Programme Title:** *Road Transport Sector Policy Support Programme (TranSP)*
- **Type of Budge Support:** *Sector budget support (Transport Sector with emphasis on the road sub-sector)*
- **Total Value (in original currency):** *€ 70 million*
- **Anticipated Disbursements:** *in million* **€**

Fiscal Year	2009/2010	2010/2011	2011/2012	Total
Fixed Tranche	20	12	10	42 (60%)
Variable Tranche		13	15	28 (40%)
Total Amount	20	25	25	70

- **Technical Assistance:** *No, technical assistance was being provided by already existing contracts.*
  - **If Yes; Anticipated Value:**
- **Stated Objectives:**
  - *General Objective:*
    - *Contribute to the reduction of poverty in Tanzania through the implementation of MKUKUTA.*
    - *Progress towards the MDGs.*
  - *Specific Objective:*
    - *Achieve the Transport Sector Investment Programme 2007-2012 (TSIP)objectives for the road sub-sector, whilst ensuring its coherence with other transport modes.*
      - *These include paving all of the trunk roads by 2018.*
      - *Rehabilitation and maintenance of all regional, key district, and urban roads.*
    - *Bring together the road, rail, and air sectoral policies in a more coherent way so that there is a broad transport sector strategy in place at the end of this programme.*
    - *Provide inputs in the form of capacity development and support for specific studies.*
      - *Improve management capacities for MOID and TANROADS.*
      - *Improve public financial management systems, especially procurement reporting.*
- **Disbursement Conditions:**
  - *General Conditions for the release of all tranches (fixed and variable):*
    - *Satisfactory progress in sector policy implementation and strategy as assessed by the existing dialogue structure, the annual Joint Infrastructure Sector Review (JISR).*
    - *Satisfactory progress in implementation of programmes to improve and reform public finance management at national and sectoral level (based*

on the annual report on the PFMRP, the GBS annual review, and diagnostic work on the PFM).

- *A stable macroeconomic situation as a result of stability-oriented macroeconomic policies, for example the continuation of the implementation of the IMF PSI programme or similar programmes (based on the latest IMF review).*
  - *Not achieving the macro-economic condition should not automatically put sector support on hold; if it can be ascertained that macroeconomic problems do not jeopardise the sector objectives.*

- *Specific Conditions for the disbursement of variable tranches:*
  - *5 performance indicators related to the transport sector.*
    - *Satisfactory condition of the national road network.*
    - *Satisfactory condition of the local road network.*
    - *Sufficient road maintenance expenditures.*
    - *Sufficient road maintenance coverage.*
    - *Satisfactory budget execution performance.*
- *Conditions for year three:*
    - *Release of the fuel levy study that assesses possible leakages and identifies remedial actions if needed.*
    - *MoID has adapted a medium-term strategic plan*

- **Consistency with Development Agency's Country Assistance Strategy:**
  - **Common Objectives**
  - **Apparent Areas of Difference**

Agency: *Government of Japan*

- **Programme Title:** *The Poverty Reduction Budget Support Facility for the 2006-2007 Fiscal Year & the Pooled Fund for the Poverty Monitoring System for the 2006-2007 Fiscal Year*

- **Type of Budge Support:** *General budget support*

- **Total Value (in original currency):** ¥ 600,000,000

- **Anticipated Disbursements:** *(in million Japanese Yen)*

Programme	FY 06-07
PRBS Facility for FY 06-07	545
Pooled Fund for Poverty Monitoring System for FY 06-07	55

The Government of Japan will make the payment of the grant two both the facility and the fund in Japanese Yen between the date of receipt of confirmation that the Government of Tanzania opened a yen ordinary deposit account at a bank in Japan and March 31, 2006.

- **Technical Assistance:** *No*
  - **If Yes; Anticipated Value:**

- **Stated Objectives:**
  - *Contribute to the poverty reduction efforts of the Government of the United Republic of Tanzania*

- **Disbursement Conditions:**
  - *Open a yen ordinary deposit bank account at a bank in Japan in the name of the Government of the United Republic of Tanzania within five days after the date of entry of the agreement*
  - *Transfer the grant and its accrued interest to the facility and the fund within a period of twelve months after the date of payment of the grant by Government of Japan unless the period is extended by mutual consent between the two parties*
  - *Ensure that the grant and its accrued interest is used properly and effectively to reduce poverty in both the fund and the PRBS facility*
  - *Present the Government of Japan a report on the transactions of the grant money bank account when the grant and its accrued interest are completely drawn or when the period for the use of the grant has expired (12 months after the date of payment)*
  - *Additionally; the Government of Tanzania shall take necessary measures to contribute the following documents and reports to the Government of Japan:*
    - *Statements showing the budget and the budget execution figures, including tax revenues and presentation o f priority expenditures as defined in the National Strategy for Growth and Reduction of Poverty (NSGRP) at each review meeting*
    - *A progress report of the NSGRP, covering the status of the macroeconomic and social development targets at the annual review*

- *A progress report on the implementation of the matrix of actions and indicators approved by the annual and mid-term progress review of the PRBS facility at the annual review*
- *A statement of inflows and outflows from the PRBS Facility's accounts including a statement of internal and external audit at the mid -term and annual review*
- *Reports regarding public expenditure review activities*
- *Guidelines for the preparation of the budget of the Government of Tanzania*
- *The annual audit report prepared by the National Audit Office*
- *Quarterly reports detailing general information of economic, fiscal and debt developments*
- *Poverty and Human Development Report, which is the annual report on the results of the Poverty Monitoring System and includes poverty index data such as the HDI and HPI*
- *Quarterly progress reports and annual progress report upon the request of the donor stipulated in the Poverty Monitoring Operation and Account Manual for the Pooled Fund for the Poverty Monitoring System at the quarterly meetings of the national Poverty Monitoring Steering Committee*
- *External Audit Report stipulated by the manual for the Pooled Fund for the Poverty Monitoring System*

Agency: German Development Bank (KFW)
Programme Title: Co-Financing Poverty Reduction Support Credit (PRCS) III – VI (2006 – 2008); Poverty Reduction Budget Support (2009 – 2011)
Type of Budget Support: General Budget Support
Total Value (in original currency): 59,200,000 EUR

- Co-Financing Poverty Reduction Support Credit III – VI : EUR 20,000,000
- PRBS EUR 39,200,000

Anticipated Disbursements: (in million Euros)

Year	Amount in EUR	Performance Tranche
2006	5,000,000	x
2007	8,000,000	x
2008	7,200,000	x
2009	8,000,000	30%
2010	20,000,000	30%
2011	10,000,000	30%

Technical Assistance: No

Stated Objectives:

(1) PRSC III – VI:

- To co-finance the Poverty Reduction Support Credit (PRSC) III Program of the World Bank's IDA which is the lead program financing the implementation of the NSGRP.
- NSGRP objectives:
  - Accelerate economic growth
  - Improve public basic services
  - Increase the efficiency of the public administration
  - Foster progress in the protection of the environment

(2) PRBS:

- To implement the first and second phase of the National Strategy for Growth and Reduction of Poverty (NSGRP)
- Accelerate economic growth, to
- Sustain macroeconomic stability,
- Improve public basic services and social well being,
- Foster good governance and accountability
- Increase efficiency of the public administration and public expenditure management.

Disbursement Conditions:

KfW may not suspend disbursements unless

a) The Recipient fails to perform its obligations to KfW to make payments when due,
b) Obligations under this Agreement or under the separate agreement pertinent to this Agreement have been violated,
c) The Recipient is unable to prove that the disbursed amounts have all been used for the stipulated purpose,
d) Extraordinary circumstances arise that preclude or seriously

jeopardize the implementation, the operation, or the purpose of the Programme.

e) Actual Financial Contribution: disbursement for the respective upcoming year shall be dependent on Germany's assessment of the recipient's performance against the PAF of the previous year. The final amount to be disbursed in the upcoming financial year and whether a performance related portion will be deducted form the earmarked amount will be communicated to the Recipient within six weeks after receipt of the final report of the Annual Review as stipulated in the PFM.

Agency: *Netherlands Minister for Development Co-operation*

- **Programme Title:** *GBS For Implementation of MKUKUTA*
- **Type of Budge Support:** *General Budget Support (GBS)*
- **Total Value (in original currency):** *80,000,000 Euro*
- **Anticipated Disbursements:** *(in million Euro)*

FY	Single Tranche
2006/2007	20
2007/2008	20
2008/2009	20
2009/2010	20

The four annual instalments will be made in the first quarter of each Tanzanian Fiscal Year.

- **Technical Assistance:** *No*
  - **If Yes; Anticipated Value:**
- **Stated Objectives:**
  - *To support the continuing efforts made in the poverty reduction area by providing GBS to the budget of the GoT*
  - *To support the financing, implementation and monitoring of MKUKUTA*
- **Disbursement Conditions:**
  - *In accordance with the Public Finance Act 2001 and the Public Financial Regulations 2001 GoT will keep adequate financial records of the support it is provided.*
  - *All disbursements will be made according to the underlying conditions and principles in the PFM (See PFM document)*
    - *Minister may halt payment or demand repayment if the obligations specified in the PFM are not met, such as the funds are not being used for the implementation of MKUKUTA*

Agency: *Swedish International Development Cooperation Agency (SIDA)*

- **Programme Title:** *General Budget Support for Implementation of MKUKUTA*
- **Type of Budge Support:** *General Budget Support (GBS)*
- **Total Value (in original currency):** *1,200,000,000 Swedish Kronor (SEK)*
- **Anticipated Disbursements:** *(in million SEK)*

FY	Single Tranche
2006/2007	300
2007/2008	400
2008/2009	500

- **Technical Assistance:** *No*
  - **If Yes; Anticipated Value:**
- **Stated Objectives:**
  - *Reduce Poverty by supporting the Implementation of MKUKUTA with the coordinated help of other Development Partners.*
  - *Support the overall objectives of MKUKUTA which are:*
    - *Growth and reduction of income poverty*
    - *Improvement of quality of life and social well-being*
    - *Good governance and accountability*
  - *Predictable budget support*
- **Disbursement Conditions:**
  - *All of the conditions specified in PFM; however, the underlying principles in Article 5 of the PFM are particularly important to Sweden:*
    - *Continue sound macroeconomic policies and management*
    - *Commitment to achieving MKUKUTA objectives and MDGs*
    - *Sound budgeting and public financial management systems*
    - *Continuing peace and respect for human rights, the rule of law, democratic principles, and the independence of judiciary*
    - *Good governance, accountability of GoT to the citizenry, and integrity in public life, including the active fight against corruption*
  - *The Swedish GBS will gradually increase each year on the condition that:*
    - *From 2006 onwards support for primary education will be provided through GBS*
    - *From 2008 onwards support for HIV/AIDS care and treatment will be provided through GBS*
    - *Annual review of GBS shows an overall satisfactory progress and a positive trend in the public financial management area*
    - *Effective sector reviews and dialogue are established and conducted*

Agency: *World Bank's International Development Association (IDA)*

- **Programme Title:** *Fourth Poverty Reduction Support Credit (4-PRSC)*

- **Type of Budge Support:** *General Budget Support*
- **Total Value (in original currency):** *140 million Special Drawing Rights (SDR)*
- **Anticipated Disbursements:** *in million SDR*

FY	2006/2007
Single Tranche GBS	104

- **Technical Assistance:** *No*
- **Stated Objectives:**
  - *First in a series of five annual operations supporting the implementation of Tanzania's National Strategy for Growth and Reduction of Poverty (MKUKUTA) and the policy objectives laid out in the MKUKUTA.*
  - *Operationalize international commitments including: the Monterrey Consensus on Financing for Development (2002), the Rome Deceleration on Aid Harmonization (2003), the Marrakech Memorandum on Managing for Results (2004), the Paris Declaration on Aid Harmonization (2003), and the Tanzania Joint Assistance Strategy (JAS).*
    - *Specifically aiming to provide more scope for government ownership, better alignment and integration of donor support with government priorities and systems, and more predictability of donor support.*
  - *Provide incentives to implement key economic, social and institutional reforms to strengthen the overall performance of the economy and contribute to poverty alleviation through the financing of its FY08 budget.*
  - *Sustain growth of around 6-8 per cent annually.*
  - *Make progress towards reaching the MDGs.*
    - *Specifically, increase school enrolment and literacy rates, reduce child and maternal mortality, increase access to safe water, and strengthen the sustainability of development efforts.*
- **Disbursement Conditions:**
  - *Maintenance of an appropriate macro-economic policy framework.*
  - *The financing agreement for PRSC-4 was signed on June 5, 2006 on the basis that the following triggers, agreed upon during the PRSC-3 negotiations, were converted into prior actions.*
  - *8 of the 10 triggers were satisfactorily completed and converted into prior actions with minor adjustments.*
    - *Made progress in the implementation of the action plan for the rationalization of roles, functions and accountability of agricultural crop boards, consistent with the Agriculture Sector Development Strategy, and has issued a ministerial circular requiring all agricultural crop boards to cease charging any levies or cess.*
    - *Made progress in the implementation of the strategic plan for operationalizing its Land Act and Village Land Act, and has during the first six months of FY 05/06, issued at least 400 certificates of customary rights*

of occupancy.

- *Drafted and submitted to its Legislative Assembly for consideration the draft Business Activities Registration Bill.*
- *Approved a budget for FY 05/06 in line with MKUKUTA implementation, delineating budget codes for budget activities related to MKUKUTA goals and strategies.*
- *Provided expenditure out-turn for FY 04/05 consistent with its approved budget for said FY.*
- *National Audit office has been trained, and procurement and installation of computer equipment at the National Audit Office completed, allowing audit through IFMS in future periods.*
- *Made pay enhancement consistent with its public approved budget for the FY 2006, and the overall thrust of the pay reform.*
- *Defined a process for reform of its public sector allowances on the basis of the recommendations o f the on-going review under the public sector reform program.*

◦ *The two procurement related triggers were delayed due to capacity constraints and replaced by a prior action which reflects more appropriately the prioritized sequencing of activities of the newly established PPRA.*

- *Originally → Public Service Management establishes a procurement cadre.*
- *Originally → Public Service Management establishes organizational structures and staffing levels of Procurement Management Units (PMUs).*
  - *Prior action that replaced these triggers → Organizational structure of PPRA approved and additional budgetary resources allocated to PPRA.*

Agency: *International Development Association (IDA)*

- **Programme Title:** *Fifth Poverty Reduction Support Development Policy Financing (6-PRSC)*
- **Type of Budge Support:** *General Budget Support*
- **Total Value (in original currency):** *127,600,000 Special Drawing Rights (SDR)*
- **Anticipated Disbursements:** *in Million SDR*

FY	2007/2008
Single Tranche	127.6

- **Technical Assistance:** *No*
- **Stated Objectives:**
  - *The PFM spells out the objectives and underlying principles for the five-year general budget support program to Tanzania to support the implementation of MKUKUTA (see separate document containing PFM's objectives and general principles for the GBS partnership)*
  - *Provide financing in support of the program of actions, objectives and policies designed to promote growth and achieve sustainable reductions in poverty which were set forth in the Letter of Development Policy (LDP)*
  - *The key outcomes targeted by the MKUKUTA and supported by the PRS are:*
    - *Sustained high economic growth and accelerated reduction of income poverty*
    - *Improvements in non-income dimensions of poverty, especially education, health, and water*
    - *Strengthened governance.*
- **Disbursement Conditions:**
  - *IDA will provide this financing if the GoT maintains an appropriate macro-economic policy framework*
  - *And on the basis that the following actions (which are all referred to in the LDP) were already taken on the date of signing this financing agreement (June 2007)*
    - *Roads Bill, including a road inventory, is prepared and approved for submission to the Parliament (paragraph 9 of LDP)*
    - *Consultations on the implementation of crop board reforms are carried out and the memoranda of understanding with at least four crop boards is signed (paragraph 21 of LDP)*
    - *Made progress in the reform of the business activities registration and the business regulatory licensing regime, including reflecting private sector views in the redrafting of the Business Activities Registration Bill (paragraph 19 of LDP)*
    - *Approved the budget for FY 2006/2007 in line with MKUKUTA implementation, delineating budget codes for budget activities related to*

MKUKUTA goals and strategies (paragraph 29 of the LDP)

- *Provided expenditure outturn for FY 2005/2006 consistent with its approved budget (paragraph 27 of LDP)*
- *Issued National Audit Office General Report for FY 2004/2005 no later than April 30, 2006 (paragraph 37 of LDP)*
- *Carried out a health sector review, satisfactory to the IDA (paragraph 43 of LDP)*
- *Carried out an education sector review, satisfactory to the IDA (paragraph 44 of LDP)*
- *Carried out a water sector review, satisfactory to the IDA (paragraph 46 of LDP)*

◦ *GoT shall ensure that upon each deposit of an amount of this financing into an account, an equivalent amount is accounted for in the GoT's budget management system in a manner acceptable to the IDA*

◦ *Financing shall not be used to finance Excluded Expenditures*

Agency: *World Bank's International Development Association (IDA)*

- **Programme Title:** *Sixth Poverty Reduction Support Credit Program (6-PRSC)*
- **Type of Budget Support:** *General Budget Support*

- **Total Value (in original currency):** *101,800,000 SDR*

- **Anticipated Disbursements:** *in million SDR*

FY	2008/2009
Single Tranche GBS	101.8

- **Technical Assistance:** *No*

- **Stated Objectives:**
  - *Mid Cycle (3rd instalment of credit) operation supporting the implementation of Tanzania's National Strategy for Growth and Reduction of Poverty (MKUKUTA).*
  - *Two key sets of Objectives*
    - *Sustain high and shared economic growth*
    - *Expand the effective delivery of basic services through the financing of the government budget*
  - *Strengthen the GoT's financial management and budgetary delivery systems*
- **Disbursement Conditions:**
  - *Maintenance of an appropriate macro-economic policy framework*
  - *The following triggers, agreed upon during the program, were converted into prior actions.*
    - *Crop Board Legislation- prepared draft amendments to six crop board legislation, and has finalized stakeholder consultations on implementation of crop board reforms and prepared the required strategic plans.*
    - *TANESCO Financial Recovery Plan- made progress in the implementation of a TANESCO financial recovery, specifically in increasing revenues, and strengthening governance of the energy sector through improved regulation.*
    - *Roads Bill- submitted a draft of the Roads Bill to the Parliament.*
    - *Transport Sector Investment Plan - prioritized the implementation of the Transport Sector Investment Plan, and made adequate provision in the budget for maintenance and a framework to facilitate public-private partnerships in the transport sector.*
    - *Health Sector- carried out a health sector review satisfactory to the IDA.*
    - *Education Sector - carried out an education sector review satisfactory to the IDA.*
    - *Water Sector - carried out a water sector review satisfactory to the IDA.*
    - *Anti-Corruption Act- enacted the Anti-Corruption Act.*
    - *Audit Bill- submitted the audit bill to the parliament.*
    - *FY08 Budget- approved its budget for FY 07/08 in line with MKUKUTA policy objectives.*

Agency: *World Bank's International Development Association (IDA)*

- **Programme Title:** *Seventh Poverty Reduction Support Development Credit (PRSC-7)*
- **Type of Budge Support:** *General Budget Support*
- **Total Value (in original currency):** *127,700,000 Special Drawing Rights (SDR)*
- **Anticipated Disbursements:** *in million SDR*

FY	2009/2010
Single Tranche	127.7

- **Technical Assistance:** *No*
  - **If Yes; Anticipated Value:**
- **Stated Objectives:**
  - *Fourth in a series of five annual operations supporting the implementation of Tanzania's National Strategy for Growth and Reduction of Poverty (MKUKUTA) and the policy objectives laid out in the MKUKUTA*
  - *Two overarching objectives:*
  - *(1) Sustaining high and shared economic growth*
  - *(2) Expanding the effective delivery of basic public services through the government budget*
  - *This GBS framework is designed to support domestic accountability, reduce transaction costs (especially for the government), and encourage the further development and use of Tanzania's own systems*
  - *Following the three main pillars of MKUKUTA growth and reduction of income poverty, social well-being, and governance which map out into seven operational policy areas for this program*
    - *Monitoring of service delivery in social sectors*
    - *Public expenditure and financial management*
    - *Effectiveness of public administration*
    - *Agriculture and natural resources*
    - *Infrastructure*
    - *Environment for private sector development;*
    - *Anti-corruption and accountability of the state which is receiving heightened attention from the government, domestic stakeholders and development partners.*
- **Disbursement Conditions:**
  - *IDA will provide this financing on the basis that GoT maintains an appropriate macro-economic policy framework and the following triggers, referenced in the Letter of Development Policy (LDP), were converted into prior actions:*
    - *Made progress in the implementation of the TANESCO financial recovery plan, taking all necessary actions regarding any additional measures that may be required to strengthen TANESCO's revenue base (paragraphs 9 &*

10 of LDP)

- *Finalized a national public-private partnership policy to facilitate public-private partnerships in the infrastructure sector (paragraph 11 of LDP)*
- *Collected information and reported on transparent and accountable systems of licenses/concession allocations in the forestry, fisheries, wildlife, minerals and oil and gas sectors (paragraph 13 of LDP)*
- *Approved FY 2008/2009's budget in line with MKUKUTA policy objectives (paragraphs 18 to 20 of LDP)*
- *Adopted concrete steps to prepare a revised medium-term pay policy as the basis for reform of pay and allowances (paragraph 25 of LDP)*
- *Approved the creation of a new Department of Internal Audit in the Ministry of Finance and Economic Affairs and prepared draft regulations under the procurement and supplies professional board act 07 (paragraphs 26 & 27 of LDP)*
- *Updated the 06/07 Health Sector Performance Report and produced and disseminated the Health Sector Performance Report for 07/08 to the satisfactory of the IDA (paragraph 29 of the LDP)*
- *Prepared an Education Sector Performance Report for 07/08 using an agreed sector monitoring tool to the satisfactory of IDA (paragraphs 30 to 34 of LDP)*
- *Carried out Water Sector Review to the satisfactory of the IDA (paragraph 35 of the LDP)*

- **Agency:** *World Bank's International Development Association (IDA)*
- **Programme Title:** *Eighth Poverty Reduction Support Development Credit (PRSC-8)*
- **Type of Budge Support:** *General Budget Support*
- **Total Value (in original currency):** *75,800,000 Special Drawing Rights (SDR)*
- **Anticipated Disbursements:** *in million SDR*

FY	2010/2011
Single Tranche	75.8

- **Technical Assistance:** *No*
  - **If Yes; Anticipated Value:**
- **Stated Objectives:**
  - *Last instalment in a series of five annual operations supporting the implementation of Tanzania's National Strategy for Growth and Reduction of Poverty (MKUKUTA) and the policy objectives laid out in the MKUKUTA*
  - *Act as a bridge between the current and the next series of PRSCs, which would start with the planned PRSC-9*
  - *Specific Objectives:*
    - *Complete and consolidate reform achievements under the current PRSC series to move toward the stated medium-term objectives of the series*
    - *Strategically lay the ground for the next series based on medium-term goals*
  - *Two overarching objectives:*
    - *Sustaining high and shared economic growth through focusing on three policy areas:*
      - *Infrastructure- address critical elements of the institutional set-up for transport and energy and support, across infrastructure sectors, the emergence of a solid PPP institutional framework*
      - *Business climate- Support a number of discrete policy actions that are part o f the GoT's overall plan under the BEST program, with a focus on business and licensing, registration, and land management*
      - *Agriculture- re-engage the policy dialogue on the overall agricultural policy framework which has had a poor track record, widespread distortions and low public investment*
    - *Expanding the effective delivery of basic public services through the government budget through the following four interventions:*
      - *Support the implementation of sector strategies and strengthen the monitoring and evaluation systems in selected service delivery sectors*
      - *Support improvement to the quality of budget preparation and execution*
      - *Strengthen the integrity and soundness of the PFM system, focusing on audit and procurement and improve effectiveness of the public administration, focusing on civil service reform and wage bill management*

        - *Improve institutional framework for anti-corruption of state and accountability of state, specifically by supporting the enforcement of more comprehensive anti-corruption institutions and strengthening the oversight function of the audit and regulatory authorities*
    - *Mitigate the continued negative impact of the global financial crisis, which is specifically the weakened revenue performance exacerbating the balance-of-payment pressures and financing gap*
    - *Increase the focus on income generation and rural areas*

- **Disbursement Conditions:**
    - *IDA will provide this financing on the basis that GoT maintains an appropriate macro-economic policy framework and the following triggers were converted into prior actions:*
        - *Finalized its national public-private partnership (PPP) policy to facilitate public-private partnerships in all sectors and the PPP bill was approved by GoT's parliament*
        - *Made progress in completing its process of implementing strategies and streamlining procedures to arrive at a comprehensive, fast, and user-friendly land registry*
        - *Approved and initiated implementation of action plan to improve accountability and transparency in allocating natural resource licenses and concessions*
        - *Expenditure outturn for FY 08/09 was consistent with the approved budget*
        - *Recurrent budget deviation was reduced*
        - *Decreased port congestion as a result of*
            - *Tanzania Ports Authority (TPA) prepared a preliminary version of a time-bound action plan focusing on port performance and not operations for assuming its rule as landlord*
            - *SUMATRA approved an increase in port storage tariffs and reduction in free time*
            - *Established a separate segregated storage area for impounded containers*
        - *Submitted a new public procurement bill to the parliament that increases the autonomy of its Public Procurement Regulatory Authority (PPRA) and empower PPRA to enforce procurement rules*
        - *Carried out performance reviews, based on assessment of progress on agreed outcome targets, adequacy of resource allocation, achievement of sector milestones, and adequacy of stakeholder consultations, in health, education and water sectors*
        - *Energy Tariff application was successfully submitted by TANESCO (Tanzania Electric Supply Company) to the regulator to allow for revenue collection to meet full operational cost recovery in 2011 and full cost recovery by 2013*
    - *The 3 triggers that were not fully met are related to the reduction in agricultural cess tax rate, to the issuance of pay targets for the civil service, and to the quality and alignment of the FY 09/10 budget.*

Annex Seven: Econometric Analysis of Education Sector

Schools, Teachers and Education Outcomes in Tanzania

Final version
March 2013

1. Introduction

The aim of the econometric analysis conducted on the Primary Education Sector as part of the 2012 Budget Support Evaluation in Tanzania is to shed new light on the relationship between government funded teaching inputs on educational achievements in Tanzania. The relationship is of fundamental importance and has already been thoroughly examined in a wide series of reports and a rich set of field experiences for the last decades. The objective of our study is thus to offer new insights into the underlying mechanics and new perspectives that, hopefully, will enable us to better understand previously reported findings.

2. Model development:

To analyze the impact of education policies in Tanzania, we devise a conceptual model whose aim is to offer a framework enabling us to analyze the major determinants of educational achievements in the primary education sector in Tanzania.

Bearing in mind the literature and rich set of experiences on educational outcomes, we define – as a starting point – the production function of children's educational achievements as:

$$A = a(Q, I, C, H) \qquad \text{Eq. 1}$$

A represents the children's educational achievements, Q the teaching inputs (as provided by the government), I the parental schooling inputs (as provided by the household – such as children's daily attendance), C children's innate characteristics and H children's household characteristics (in terms of socio-economic characteristics, language, education level of parents, professional status of parents, etc).

C and H may be assumed as truly exogeneous – even though, for instance, health problems (that may be related to H) may influence C respectively affect the relationship between C and A.

When analyzing the impact of governmental budget related-education policies, the variable of interest is obviously Q. However we have to bear in mind that Q is intimately related to a set of variables that we can't ignore when studying education policies: P, the prices related to schooling. P includes school fees, cost of textbooks (purchased by parents), other school supplies purchased by parents

and opportunity costs for parents in terms of child labor.[1] P has no direct effect on A but influences I and has hence an indirect impact on A.

$$I = h(P, C, H) \qquad \text{Eq. 2}$$

with simultaneously

$$P = j(Q, H) \qquad \text{Eq. 3}$$

Such that

$$I = i(Q, C, H) \qquad \text{Eq. 4}$$

Hence function (Eq. 1) reduces to

$$A = f(Q, C, H) \qquad \text{Eq. 5}$$

As stated above, when analyzing the impact of education policies in Tanzania, we are primarily concerned with impact of government funded teaching inputs Q on the level of educational achievements. However we have to take into account that Q has both direct and indirect effects on A. Q affects P and hence I – I in turn influencing A. There are hence direct effects of Q and H on A but as well indirect effects of Q, C and H that together by interaction affect I – and hence A.

It should furthermore be strengthened that the relationship between Q and I is bidirectional and primarily determined by the level of P. Conditional on the level of P (and to some extent as well on the level of C and H) we observe that the impact of Q on A may hence either be magnified or mitigated by the parental schooling inputs.

Other factors may as well influence the impact of teaching inputs on children's final achievements. If we define governmental teaching inputs being as the volume of teaching (resp. trained teaching) provided to children, the impact of Q on A is assumed to be conditional on two additional groups of factors: (i) Inc: the factors that influence the level of motivation of the teacher – in other words teacher incentives variables and (ii) Inf : the factors that describe the material and organizational conditions under which the teaching inputs are delivered to children (number of textbooks, libraries, buildings, level of infrastructural equipment, organizational structure of the schools, etc).

Hence:

$$\delta A/\delta Q = g(I, Inc, Inf, C, H) \qquad \text{Eq. 6}$$

where $\delta A/\delta Q$ measures the impact of government funded schooling inputs on children's educational achievements – as measured by the volume of teaching, I represent the parental schooling inputs (as provided by the household – such as children's daily attendance, purchases of textbooks and other school supplies), Inc the incentives provided to teachers, Inf the infrastructural conditions in

[1] School fees and other schooling costs (e.g. purchase of textbooks) – to the extent that they have to be funded by household in the absence of government subsidized schooling costs – depend directly on education policies.

which government funded teaching hours are delivered to children, C the children's innate characteristics and H the children's household characteristics.

The overall model is hence:

$$A = f(Q, Inf, Inc, C, H) \qquad \text{Eq. 7}$$

and can be depicted as:



Figure 1

3. Data and descriptive statistics

Children's educational achievements are very difficult to assess. In today's world no agreement has emerged yet on what defines educational achievements. It should be stressed here that the measurement of educational achievements is even exacerbated in developing countries in the sense that, when referring to officially reported achievements, children seem to learn – systematically – much less in developing countries than what the curriculum states they should learn (Lockheed and Verspoor, 1991; Harbison and Hanushek, 1992; Hanushek, 1995; Glewwe, 1999).[2]

[2] In the Tanzanian context, please refer to the Annual Learning Assessment Report entitled "Are Our Children Learning" disclosed by Uwezo in 2011.

Comparison of educational outcomes in the Tanzanian Primary Education across districts requires comparable and statistically representative data on educational achievements across the entire country. The only source of such data is NECTA (The National Examinations Council of Tanzania). NECTA is responsible for the administration of all national examinations in Tanzania and for the awarding of the official diploma in the Primary Education Sector as well as in the Secondary Education Sector – based on an identical examination test across the entire country. We consider the NECTA disclosed Primary School Leaving Examination (PSLE) Pass Rates and the Secondary School Ordinary Level Pass Rates (CSEE Certificate of Secondary Education Examination) as proxies for educational achievements in the Primary resp Secondary Education sectors. The data is collected at district level from 2008 till 2011 as well as at school level in the Secondary Education Sector in 2011.
To measure government funded (trained or non-trained) teaching inputs we use the following proxy: the number of teachers per enrolled pupil. Teacher salaries are by far the largest component of government expenditures on primary education in Tanzania. The teaching volume per pupil reveals thus to be one of the relevant definitions to be considered for Q. It is collected at the district level from 2008 to 2011 as well as at school level in the Secondary Education Sector in 2011..

It should be stressed that when using the number of teachers per enrolled pupil to proxy for teaching inputs, we make a series of (quite strong) assumptions:

- the numbers of teachers and enrolled pupils remain constant across the entire year
- all teachers have to deliver the same amount of teaching hours across the entire country
- the absenteeism rate (both on the teacher side and on the pupil side) is homogeneous across the entire country
- teaching programs and overall teaching structure is homogeneous across the entire country
-

Some of these assumptions have been questioned in previous reports and field case-studies. The data available at the country level doesn't enable us however to incorporate e.g. the impact of teacher absenteeism on educational achievements. While these features can't be analyzed within the econometric study, they will be given particular attention in the main report.

The infrastructural, equipment and organizational environment variables considered in this study are:

- number of textbooks
- number of pcs
- the organizational status of the schools
- the size of the schools

To assess the role of teachers' incentives we collect data on:

- provided housing facilities for teachers
- provided office facilities for teachers

Both Infrastructure and Incentive data elements are collected at district resp. school level for 2011.

Household characteristics (in terms of socio-economic characteristics, language, education level of parents, professional status of parents, etc) across districts are collected through the Tanzanian Demographic and Health Survey 2010. A series of indicators have been built and different robustness checks performed in order to check the robustness of our results to the exact definition of the H variable used.[3]

The table hereunder gives a brief overview of a subset of collected variables at the Primary Education Sector level.

pupils per teacher		63	56	50	46	42	31
number of books per pupil	median	1.57	1.5	1.52	1.59	1.58	1.85
	mean	1.61	1.54	1.79	1.61	1.72	1.9
number of pcs per 100 pupils	median	0.027	0.061	0.032	0.066	0.212	0.371
	mean	0.024	0.056	0.046	0.121	0.392	0.656
school size (number of pupils)	median	554	504	490	452	361	530
	mean	613	501	520	499	442	519
% of government schools	median	100%	100%	99%	99%	98%	93%
	mean	99%	99%	99%	99%	97%	92%
passrate	median	50.65%	50.21%	57.68%	63.08%	68.48%	79.07%
	mean	50.17%	52.09%	56.82%	60.57%	66.15%	77.52%

Sample of descriptive statistics --- Primary Education Sector, 2011

The parental schooling inputs (as provided by the household – such as children's daily attendance, purchases of textbooks and other school supplies) are not directly observable. Based on the function I = i(Q, C, H), the impact of I will be taken into account for through the interaction effects between Q and H on reported educational achievements.

It is obviously impossible to collect reliable data on C. As C is truly exogeneous, is assumed to be randomly distributed across districts and isn't dependent on A, Q, H and I, following Glewwe and Kremer (2005) we don't model its impact on A in the empirical regression equation. The direct and indirect influence of C on A will as a consequence combine with all unobserved elements that are unlikely to be correlated with the variables incorporated in our model to form the error term. To deal with the problem of omitted variables that may arise, we calculate as well difference in difference estimators to verify the robustness of our results.[4]

[3] Additional information on the definition of these DHS based indicators are provided by the authors upon request.

[4] Findings are provided by the authors upon request.

4. Empirical Findings

When focusing on the district-level analysis, the modeling framework we are focusing on may be depicted as:

$$A = f(Q, Inf, H, Inc)$$

with particular attention to:

$$\delta A/\delta Q = g(Inf, H, Inc)$$

Within this analytical framework, the first set of estimations we are running are the following:

$$\text{Pass-Rates}_{\text{district/school i}} = \alpha + \beta_1 \text{Teacher-Ratio}_{\text{district/school i}} + \mu_{\text{district/school i}}$$

$$\text{Pass-Rates}_{\text{district/school i}} = \alpha + \beta_1 \text{Teacher-Ratio}_{\text{district/school i}} + \beta_2 \text{Infrastructure}_{\text{k, district/school i}} + \nu_{\text{district/school i}}$$

$$\text{Pass-Rates}_{\text{district/school i}} = \alpha + \beta_1 \text{Teacher-Ratio}_{\text{district/school i}} + \beta_2 \text{Infrastructure}_{\text{k, district/school i}} + \beta_3 \text{HouseholdCharact}_{\text{district i}} + \zeta_{\text{district/school i}}$$

$$\text{Pass-Rates}_{\text{district/school i}} = \alpha + \beta_1 \text{Teacher-Ratio}_{\text{district/school i}} + \beta_2 \text{Infrastructure}_{\text{k, district/school i}} + \beta_3 \text{HouseholdCharact}_{\text{k,district i}} + \beta_4 \text{Incentives}_{\text{k,district/school i}} + \varepsilon_{\text{district/school i}}$$

where $\text{Pass-Rates}_{\text{district/school i}}$ represent the district resp. school level total (male and female) Primary School Leaving Examination (PSLE) resp the Secondary School Ordinary Level pass rate statistic , $\text{Teacher-Ratio}_{\text{district/school i}}$ the number of teachers per enrolled pupil, $\text{Infrastructure}_{\text{k, district/school i}}$ the infrastructure variable textbooks per enrolled pupil, $\text{HouseholdCharact}_{\text{k,district i}}$ the selected set of district-level socio-economic variables characterizing households in the corresponding district (k = years of education of households' adults, household wealth, household size), $\text{Incentives}_{\text{k,district/school i}}$ the district resp. school-level incentives' related variable - teacher houses per teacher and $\mu_{\text{district/school i}}$, $\nu_{\text{district/school i}}$, $\zeta_{\text{district/school i}}$ and $\varepsilon_{\text{district/school i}}$ the error terms.

For ease of comparison, we use this econometric analysis framework both at the Primary and Secondary Education Sector level.
It should be stressed that the analysis are performed at school-level (2882 obs) in the Secondary Education Sector while they are performed at the district-level (116 obs) in the Primary Education Sector.[5]

[5] School-level data is not available in the Primary Education Sector.

Table 2 – Primary Education Sector : Determinants of pupils' educational achievements – district level

The following table describes the impact of Q (teaching inputs), Inf (the factors that describe the material and organizational conditions under which the teaching inputs are delivered to children – hereunder number of textbooks and organizational structure of the schools), H (the children's household characteristics) and Inc (the factors that influence the level of motivation of the teacher – in other words teacher incentives variables) on children's educational achievements (assessed by pupils' pass rates) in the Primary Education Sector.

$$A_i = \alpha + \beta_1 Q_i + \beta_2 Inf_{1i} + \beta_3 Inf_{2i} + \beta_4 H_{1i} + \beta_5 H_{2i} + \beta_6 H_{3i} + \beta_7 Inc_i + \varepsilon_i$$

where A_i represents the level of PSLE pass rate in district i in year 2011, Q_i the teacher per pupil ratio in district i in 2011, Inf_{1i} the textbook per pupil ratio in district i in 2011, Inf_{2i} the percentage of governmental owned schools in district i in 2011, H_{1i} the average level of education in district i in 2011 (proxied by the average number of years of education of adults in district i), H_{2i} the average level of household wealth in district i in 2011, H_{3i} the average size of a household in district i in 2011, Inc_i the number of teacher houses per teacher (resp. the number of teacher offices per teacher, resp. the percentage of teachers with degree) and ε_i represents white noise.

		Model 1	Model 2	Model 3	Model 4.1	Model 4.2	Model 4.3
	Constant	0.1786***	0.1966***	0.1935***	0.1812***	0.2513***	0.1905***
Teaching inputs	Teacher per pupil ratio	19.2103***	18.5292***	14.2382***	14.3519***	13.5928**	13.8208***
Infrastructural environment	Textbook per pupil ratio		-0.0003**	-0.0003*	-0.0003*	-0.0002*	-0.0003*
	Percentage of governmental ownership		-0.6401*	-0.4631	-0.4689	-0.4152	-0.3866
Socio-economic environment	Level of education			0.0253**	0.0255**	0.0211*	0.0266*
	Household wealth			0.0004	0.0004	0.0004	0.0003
	Household size			-0.009	-0.0092	-0.0097	-0.0108
Incentive environment	Teacher house per teacher ratio				0.0103		
	Teacher office per teacher ratio					-0.4892**	
	Teacher without degree ratio						0.1547
	Number of observations	116	116	116	116	116	116
	R^2 adjusted	37.42%	39.17%	42.52%	41.98%	44.13%	42.64%

N.B. – A_i, Inf_{1i}, Inf_{2i} and Inc_i have been calculated based on the BEST data from the Ministry of Education of Tanzania. H_{1i}, H_{2i} and H_{3i} have been calculated based on the Household Database of the Demographic and Health Survey Tanzania 2010. Please note that given the high degree of correlation between some variables Inf_{2i} has been orthogonalized on Q_i, H_{2i} has been orthogonalized on H_{1i} and H_{3i} has been orthogonalized on H_{1i} and H_{2i}.

Table 3 – Secondary Education Sector : Determinants of pupils' educational achievements – school level

The following table describes the impact of Q (teaching inputs), Inf (the factors that describe the material and organizational conditions under which the teaching inputs are delivered to children – hereunder number of textbooks and organizational structure of the schools), H (the children's household characteristics) and Inc (the factors that influence the level of motivation of the teacher – in other words teacher incentives variables) on children's educational achievements (assessed by pupils' pass rates) in the Secondary Education sector.

$$A_i = \alpha + \beta_1 Q_i + \beta_2 Inf_{1i} + \beta_3 H_{1i} + \beta_4 H_{2i} + \beta_5 H_{3i} + \beta_6 Inc_i + \varepsilon_i$$

where A_i represents the level of pass rate in the ordinary level CSEE examination in school i in year 2011, Q_i the teacher per pupil ratio in school i in 2011, Inf_{1i} the textbook per pupil ratio in school i in 2011, H_{1i} the average level of education in school i's district in 2011 (proxied by the average number of years of education of adults in school i), H_{2i} the average level of household wealth in school i's district in 2011, H_{3i} the average size of a household in school i's district in 2011, Inc_i the number of teacher houses per teacher in school i and ε_i represents white noise.

		Model 1	Model 2	Model 3	Model 4
	Constant	0.4674***	0.4673***	0.4309***	0.3776***
Teaching inputs	Teacher per pupil ratio	1.6118***	1.6083***	1.5383***	1.5637***
Infrast env	Textbook per pupil ratio		0.0007	-0.0009	0.0008
Socio-economic environment	Level of education			0.0095***	0.0161***
	Household wealth			0.0001	0.0002*
	Household size			0.0189***	0.0186***
Incentive env	Teacher house per teacher ratio				0.0897
	Number of observations	2882	2882	2882	2882
	R^2 adjusted	3.51%	3.66%	5.21%	6.87%

N.B. – A_i have been calculated based on - Secondary School - Ordinary Level Pass Rates provided in the NECTA database, Inf_{1i}, Inf_{2i} and Inc_i have been calculated based on the BEST data from the Ministry of Education of Tanzania. H_{1i}, H_{2i} and H_{3i} have been calculated based on the Household Database of the Demographic and Health Survey Tanzania 2010. Please note that given the high degree of correlation between some variables Inf_{2i} has been orthogonalized on Q_i, H_{2i} has been orthogonalized on H_{1i} and H_{3i} has been orthogonalized on H_{1i} and H_{2i}.

Table 4 – Primary Education Sector : Determinants of pupils' educational achievements across urban vs. rural districts – district level

The following table describes the impact of Q (teaching inputs), Inf (the factors that describe the material and organizational conditions under which the teaching inputs are delivered to children – hereunder number of textbooks and organizational structure of the schools), H (the children's household characteristics) resp. Inc (the factors that influence the level of motivation of the teacher – in other words teacher incentives variables) on children's educational achievements (assessed by pupils' pass rates) across urban vs. rural districts:

$$A_i = \alpha + \beta_1 Q_i + \beta_2 Inf_{1i} + \beta_3 Inf_{2i} + \beta_4 H_{1i} + \beta_5 H_{2i} + \beta_6 H_{3i} + \beta_7 Inc_i + \varepsilon_i$$

where A_i represents the level of pass rate in district i in year 2011, Q_i the teacher per pupil ratio in district i in 2011, Inf_{1i} the textbook per pupil ratio in district i in 2011, Inf_{2i} the percentage of governmental owned schools in district i in 2011, H_{1i} the average level of education in district i in 2011 (proxied by the average number of years of education of adults in district i), H_{2i} the average level of household wealth in district i in 2011, H_{3i} the average size of a household in district i in 2011, Inc_i the number of teacher houses per teacher (resp. the number of teacher offices per teacher, resp. the percentage of teachers with degree) and ε_i represents white noise.

Rural (Percentage of households with direct access to electricity < 15%)				
	Constant	0.0920	0.2617***	0.0999
Teaching inputs	Teacher per pupil ratio	13.1788***		12.7641***
Infrastructural environment	Textbook per pupil ratio		0.0053	0.0036
	Percentage of governmental ownership	-1.1247	-1.0080	-1.1847
Socio-economic environment	Level of education	0.0612***	0.0889***	0.0591***
	Household wealth	0.0013***	0.0016***	0.0012***
	Household size	-0.0063	-0.0120	-0.0073
Incentive env.	Teacher office per teacher ratio	0.0085	0.0086	0.0111
	Number of observations	88	88	88
	R^2 adjusted	23.34%	13.74%	21.40%

Urban (Percentage of households with direct access to electricity > 15%)				
	Constant	0.3830*	0.7265***	0.3630
Teaching inputs	Teacher per pupil ratio	10.6675**		11.7417**
Infrastructural environment	Textbook per pupil ratio		-0.0025	-0.0229
	Percentage of governmental ownership	-0.4880	-0.4201	-0.6233
Socio-economic environment	Level of education	0.0198	0.0323	0.01981
	Household wealth	0.0002	0.0001	-0.0003
	Household size	-0.0527**	-0.0734***	-0.0508**
Incentive env.	Teacher office per teacher ratio	-0.0657	-0.2204	-0.0229
	Number of observations	30	30	30
	R^2 adjusted	44.05%	31.90%	42.97%

N.B. – A_i, Inf_{1i}, Inf_{2i} and Inc_i have been calculated based on the BEST data from the Ministry of Education of Tanzania. H_{1i}, H_{2i} and H_{3i} have been calculated based on the Household Database of the Demographic and Health Survey Tanzania 2010. Please note that given the high degree of correlation between some variables Inf_{2i} has been orthogonalized on Q_i, H_{2i} has been orthogonalized on H_{1i} and H_{3i} has been orthogonalized on H_{1i} and H_{2i}.

Table 5 – Secondary Education Sector : Determinants of pupils' educational achievements across urban vs. rural districts – school level

The following table describes the impact of Q (teaching inputs), Inf (the factors that describe the material and organizational conditions under which the teaching inputs are delivered to children – hereunder number of textbooks and organizational structure of the schools), H (the children's household characteristics) resp. Inc (the factors that influence the level of motivation of the teacher – in other words teacher incentives variables) on children's educational achievements (assessed by pupils' pass rates) across urban vs. rural districts:

$$A_i = \alpha + \beta_1 Q_i + \beta_2 Inf_{1i} + \beta_3 H_{1i} + \beta_4 H_{2i} + \beta_5 H_{3i} + \beta_6 Inc_i + \varepsilon_i$$

where A_i represents the level of pass rate in school i in year 2011, Q_i the teacher per pupil ratio in school i in 2011, Inf_{1i} the textbook per pupil ratio in school i in 2011, H_{1i} the average level of education in school i's district in 2011 (proxied by the average number of years of education of adults in school i), H_{2i} the average level of household wealth in school i's district in 2011, H_{3i} the average size of a household in school i's district in 2011, Inc_i the number of teacher houses per teacher in school i and ε_i represents white noise.

Rural (Percentage of households with direct access to electricity < 15%)				
	Constant	0;3363***	0.3986***	0.3365***
Infrastructural environment – Teaching inputs	Teacher per pupil ratio	2.2593***		2.2574***
Infrastructural environment – Teaching inputs	Textbook per pupil ratio		0.0001	0.0004
Socio-economic environment	Level of education	0.0236***	0.0261***	0.0235**
Socio-economic environment	Household wealth	0.0006***	0.0005**	0.0006***
Socio-economic environment	Household size	0.0223***	0.0214***	0.0223***
Incentive env.	Teacher house per teacher ratio	0.0806***	0.0737***	0.0805***
	Number of observations	2005	88	88
	R^2 adjusted	18.72%	14.14%	18.68%

Urban (Percentage of households with direct access to electricity > 15%)				
	Constant	0.2637***	0.2686***	0.2663***
Infrastructural environment – Teaching inputs	Teacher per pupil ratio	1.0472***		0.2034
Infrastructural environment – Textbook per pupil ratio	Textbook per pupil ratio		0.0157***	0.0146***
Socio-economic environment	Level of education	0.0402***	0.0403***	0.0397***
	Household wealth	0.0000	-0.0001	-0.0001
	Household size	-0.0207**	-0.0211**	-0.0209**
Incentive env.	Teacher house per teacher ratio	0.1435***	0.1254***	0.1271***
	Number of observations	844	30	30
	R^2 adjusted	15.51%	18.40%	18.35%

N.B. – A_i have been provided by NECTA, Inf_{1i} and Inc_i calculated based on the BEST data from the Ministry of Education of Tanzania. H_{1i}, H_{2i} and H_{3i} calculated based on the Household Database of the Demographic and Health Survey Tanzania 2010. Please note that given the high degree of correlation between some variables Inf_{2i} has been orthogonalized on Q_i, H_{2i} has been orthogonalized on H_{1i} and H_{3i} has been orthogonalized on H_{1i} and H_{2i}.

Table 6 – Primary Education Sector: Determinants of gender differentials – district level

The following table describes the impact of Q (teaching inputs), Inf (the factors that describe the material and organizational conditions under which the teaching inputs are delivered to children – hereunder number of textbooks and organizational structure of the schools), H (the children's household characteristics) and Inc (the factors that influence the level of motivation of the teacher – in other words teacher incentives variables) on the gender differential in terms of educational achievements in the Primary Education sector (approximated by girls' vs. boys' pass rates, girls' vs. boys' repeat rates and girls' vs. boys' drop rates).

$$\Delta A_i = \alpha + \gamma A_i + \beta_1 Q_i + \beta_2 Inf_{1i} + \beta_3 Inf_{2i} + \beta_4 H_{1i} + \beta_5 H_{2i} + \beta_6 H_{3i} + \beta_7 Inc_i + \varepsilon_i$$

where ΔA_i represents the differential between girls' and boys' PSLE pass rates, repeat rates and drop rates in district i in 2011, A_i represents the total level of pass rates, repeat rates and drop rates in district i in year 2011, Q_i the teacher per pupil ratio in district i in 2011, Inf_{1i} the textbook per pupil ratio in district i in 2011, Inf_{2i} the percentage of governmental owned schools in district i in 2011, H_{1i} the average level of education in district i in 2011 (proxied by the average number of years of education of adults in district i), H_{2i} the average level of household wealth in district i in 2011, H_{3i} the average size of a household in district i in 2011, Inc_i the number of teacher houses per teacher (resp the number of teacher offices per teacher, resp. the percentage of teachers with degree) and ε_i represents white noise.

Dependent variable		Differential pass rate by gender	Differential repeat rate by gender	Differential drop rate by gender
	Constant	0.6571***	0.0049	0.0022
	Total pass/repeat/drop rate	-0.4956***	0.0201	.-0.1105***
Teaching inputs	Teacher per pupil ratio	.-8.0434**	.-0.4067**	-0.1065*
Infrastructural environment	Textbook per pupil ratio	0.0088	-0.0005	0.0000
	Percentage of governmental ownership	-0.7645*	-0.0207	-0.004
Socio-economic environment	Level of education	-0.0147	0.0009	0.0000
	Household wealth	0.0009**	0.0002	0.0002**
	Household size	0.0173**	0.0000	0.0002*
Incentive env	Teacher office per teacher ratio	-0.0699	0.0000	0.0021
	Number of observations	115	115	116
	R^2	42.19	40.39	43.08

N.B. – ΔA_i, A_i, Inf_{1i}, Inf_{2i} and Inc_i have been calculated based on the BEST data from the Ministry of Education of Tanzania. H_{1i}, H_{2i} and H_{3i} have been calculated based on the Household Database of the Demographic and Health Survey Tanzania 2010. Please note that given the high degree of correlation between some variables Inf_{2i} has been orthogonalized on Q_i, H_{2i} has been orthogonalized on H_{1i} and H_{3i} has been orthogonalized on H_{1i} and H_{2i}.

Table 7 – Secondary Education Sector: Determinants of gender differentials – school level

The following table describes the impact of Q (teaching inputs), Inf (the factors that describe the material and organizational conditions under which the teaching inputs are delivered to children – hereunder number of textbooks and organizational structure of the schools), H (the children's household characteristics) and Inc (the factors that influence the level of motivation of the teacher – in other words teacher incentives variables) on the gender differential in terms of educational achievements in the Secondary Education Sector (approximated by girls' vs. boys' pass rates, girls' vs. boys' repeat rates and girls' vs. boys' drop rates).

$$\Delta A_i = \alpha + \gamma A_i + \beta_1 Q_i + \beta_2 Inf_{1i} + \beta_3 H_{1i} + \beta_4 H_{2i} + \beta_5 H_{3i} + \beta_6 Inc_i + \varepsilon_i$$

where ΔA_i represents the differential between girls' and boys' pass rates, top pass rates and medium range pass rates in the ordinary level CSEE examination in school i in 2011, A_i represents the total level of pass rates, top pass rates and medium range pass rates in school i in year 2011, Q_i the teacher per pupil ratio in school i in 2011, Inf_{1i} the textbook per pupil ratio in school i in 2011, H_{1i} the average level of education in school i's district in 2011 (proxied by the average number of years of education of adults in district i), H_{2i} the average level of household wealth in school i's district in 2011, H_{3i} the average size of a household in school i's district in 2011, Inc_i the number of teacher houses per teacher in school i and ε_i represents white noise.

Dependent variable		Differential in total pass rates by gender	Differential in top pass rates by gender	Differential in medium pass rates by gender
	Constant	1.8049***	1.8773***	1.7928***
	Total Pass/Top pass/Medium pass rate	-0.9211***	-1.8490***	-1.6417***
Teaching inputs	Teacher per pupil ratio	-0.4158*	-11.1890***	-6.2816
Infrast env	Textbook per pupil ratio	0.0004	0.0007	0.0007
Socio-economic environment	Level of education	-0.0518***	-0.0275	-0.0575**
	Household wealth	-0.0011***	-0.0025**	-0.0019**
	Household size	0.0016*	0.0162	-0.0021
Incentive env	Teacher office per teacher ratio	0.0509	-0.1602	-0.0478
	Number of observations	2840	508	1331
	R^2	19.33	12.74	11.26

N.B. – ΔA_i, A_i, are provided by NECTA, Inf_{1i}, and Inc_i have been calculated based on the BEST data from the Ministry of Education of Tanzania. H_{1i}, H_{2i} and H_{3i} have been calculated based on the Household Database of the Demographic and Health Survey Tanzania 2010. Please note that given the high degree of correlation between some variables Inf_{2i} has been orthogonalized on Q_i, H_{2i} has been orthogonalized on H_{1i} and H_{3i} has been orthogonalized on H_{1i} and H_{2i}.

Table 8 – Primary Education Sector: 2008-2011 changes in pupils' educational achievements – district level

The following table describes the impact of Q (teaching inputs), Inf (the factors that describe the material and organizational conditions under which the teaching inputs are delivered to children – hereunder number of textbooks and organizational structure of the schools), H (the children's household characteristics) and Inc (the factors that influence the level of motivation of the teacher – in other words teacher incentives variables) on the change in children's educational achievements (assessed by pupils' pass rates) in the Primary Education Sector between 2008 and 2011.

$$\delta A_i = \alpha + \gamma A_i + \beta_1 Q_i + \beta_2 Inf_{1i} + \beta_3 Inf_{2i} + \beta_4 H_{1i} + \beta_5 H_{2i} + \beta_6 H_{3i} + \beta_7 Inc_i + \varepsilon_i$$

where δA_i represents the change in the level of PSLE pass rates in district i between 2008 and 2011, A_i the level of pass rate in district i in year 2011, Q_i the teacher per pupil ratio in district i in 2011, Inf_{1i} the textbook per pupil ratio in district i in 2011, Inf_{2i} the percentage of governmental owned schools in district i in 2011, H_{1i} the average level of education in district i in 2011 (proxied by the average number of years of education of adults in district i), H_{2i} the average level of household wealth in district i in 2011, H_{3i} the average size of a household in district i in 2011, Inc_i the number of teacher houses per teacher and ε_i represents white noise.

		Total passrate change between 2008 and 2011	Girls' passrate change between 2008 and 2011	Gender differential change between 2008 and 2011
	Constant	-0.4097*	-0.2122	-0.2557
	Total passrate	0.00098***	0.0109**	0.0019
Teaching inputs	Teacher per pupil ratio	-1.9191	-8.9714	9.0897
	Change in Teacher per pupil ratio	0.2334	0.3614	-0.1675*
Infrastructural environment	Textbook per pupil ratio	-0.0010	-0.0002	0.0001
	Percentage of governmental ownership	-0.8057	-1.5449	0.747
Socio-economic environment	Level of education	-0.0089	-0.0049	-0.0067
	Household wealth	0.0000	0.0000	0.0002
	Household size	0.0282	0.0492	-0.0287
Incentive environment	Teacher house per teacher ratio	0.0211	0.0387	-0.0192
	Change in Teacher house per teacher ratio	0.0004	0.0006	-0.0002
	Number of observations	97	97	97
	R^2	20.95	14.06	8.41

N.B. – A_i, Inf_{1i}, Inf_{2i} and Inc_i have been calculated based on the BEST data from the Ministry of Education of Tanzania. H_{1i}, H_{2i} and H_{3i} have been calculated based on the Household Database of the Demographic and Health Survey Tanzania 2010. Please note that given the high degree of correlation between some variables Inf_{2i} has been orthogonalized on Q_i, H_{2i} has been orthogonalized on H_{1i} and H_{3i} has been orthogonalized on H_{1i} and H_{2i}.

Table 9 – Secondary Education Sector: 2008-2011 changes in pupils' educational achievements – district level

The following table describes the impact of Q (teaching inputs), Inf (the factors that describe the material and organizational conditions under which the teaching inputs are delivered to children – hereunder number of textbooks and organizational structure of the schools), H (the children's household characteristics) and Inc (the factors that influence the level of motivation of the teacher – in other words teacher incentives variables) on the change in children's educational achievements (assessed by pupils' pass rates) between 2008 and 2011 in the Secondary Education sector.

$$\delta A_i = \alpha + \gamma A_i + \beta_1 Q_i + \beta_2 Inf_{1i} + \beta_3 Inf_{2i} + \beta_4 H_{1i} + \beta_5 H_{2i} + \beta_6 H_{3i} + \beta_7 Inc_i + \varepsilon_i$$

where δA_i represents the change in the level of pass rates in the ordinary level CSEE examination in district i between 2008 and 2011, A_i the level of pass rate in district i in year 2011, Q_i the teacher per pupil ratio in district i in 2011, Inf_{1i} the textbook per pupil ratio in district i in 2011, Inf_{2i} the percentage of governmental owned schools in district i in 2011, H_{1i} the average level of education in district i in 2011 (proxied by the average number of years of education of adults in district i), H_{2i} the average level of household wealth in district i in 2011, H_{3i} the average size of a household in district i in 2011, Inc_i the number of teacher houses per teacher and ε_i represents white noise.

	Total passrate change between 2008 and 2011	Change in top passrates between 2008 and 2011	Change in medium passrates between 2008 and 2011
Constant	-0.2228	0.8878	-0.8131
Corresponding passrate	1.4091***	26.6051***	1.4612
Teacher per pupil ratio	5.3408	5.8573	12.0135
Change in Teacher per pupil ratio	-0.4181*	-0.4592*	-0.4635*
Textbook per pupil ratio	0.0407	-0.2063	-0.0504
Change in textbook per pupil	-0.1992	-0.0897	-0.1064
Percentage of governmental ownership	-0.4374	-0.9248	0.1765
Level of education	-0.1648**	-0.2610*	-0.0065
Household wealth	0.0008	-0.0046**	-0.0018
Household size	0.0676*	-0.0018	0.0013
Teacher house per teacher ratio	-0.1398	-2.0139	-0.6482
Change in Teacher house per teacher ratio	-0.1879	0.0304	-0.1538
Number of observations	108	108	108
R^2	74.93	68.74	53.04

N.B. – A_i have been calculated based on school-levl data provided by NECTA, Inf_{1i}, Inf_{2i} and Inc_i have been calculated based on the BEST data from the Ministry of Education of Tanzania. H_{1i}, H_{2i} and H_{3i} have been calculated based on the Household Database of the Demographic and Health Survey Tanzania 2010. Please note that given the high degree of correlation between some variables Inf_{2i} has been orthogonalized on Q_i, H_{2i} has been orthogonalized on H_{1i} and H_{3i} has been orthogonalized on H_{1i} and H_{2i}.

Table 10 – Primary Education Sector: Descriptive statistics of best and worst performing districts

The table describes the performance in terms of changes in Primary Education level PSLE pass rates between 2008 and 2011 δA_i, as well as in terms of levels of pass rates in 2011 A_i for the best and worst performing districts in Tanzania. The table provides information on the teaching inputs, factors that describe the material and organizational conditions under which teaching inputs are delivered to children in the Primary Education and socio-economic characteristics of the districts. Gender differential in educational achievements in the Primary Education sector are reported.

	Districts	Passrate '11 (%)	Pupils per teacher '08	Pupils per teacher '11	Teacher houses per teacher '08	Teacher houses per teacher '11	Gender differential '08	Gender differential '11	Average hh wealth factor	Average hh years of education
Best passrates in '11	Mwanga	92.65	36.04	36.32	0.00	1.04	-2.03	3.71	23,610.39	4.59
	Moshi Urban	91.73	34.48	32.34	0.05	0.75	4.63	0.83	159,972.41	6.15
	Arusha Urban	91.65	35.25	32.58	0.05	0.63	-6.25	0.47	107,147.13	5.87
	Korogwe Urban	88.08	28.35	27.98	0.03	0.86	-	-1.78	6,288.59	3.91
	Meru	87.50	39.53	41.09	0.11	0.77	5.17	6.74	-754.48	4.13
	Iringa Urban	87.27	43.86	30.48	0.07	0.79	-8.63	0.63	137,930.00	5.43
	Kibaha Rural	86.31	35.32	31.40	0.04	0.77	-	-4.99	59,791.44	4.08
Worst passrates in '11	Kishapu	36.04	74.70	52.49	0.00	1.04	-17.89	-14.48	48,305.08	4.48
	Ruangwa	36.00	57.33	48.61	0.08	0.43	-19.92	-16.99	-74,174.76	3.55
	Maswa	35.22	62.63	48.47	0.00	0.75	-21.86	-14.23	-34,533.14	3.41
	Bariadi	34.00	81.56	59.90	0.03	1.14	-32.90	-28.10	-64,067.76	2.46
	Kibondo	30.83	69.61	56.45	0.07	1.21	-28.84	-18.15	-70,780.82	3.63
	Kondoa	30.16	61.77	51.83	0.06	1.03	-6.35	1.46	-47,966.75	2.81
	Meatu	29.61	79.66	55.14	0.04	0.92	-17.59	-9.31	-72,568.42	2.71

Table 10 – cont'd

	Districts	Change in passrate '08-'11 (%)	Pupils per teacher '08	Pupils per teacher '11	Teacher houses per teacher '08	Teacher houses per teacher '11	Gender differential '08	Gender differential '11	Average hh wealth factor	Average hh years of education
Best passrates changes in '11	Shinyanga Urban	1.70	46.55	41.92	0.04	0.92	-20.01	-13.11	-40,644.63	4.26
	Ukerewe	1.34	71.94	54.82	0.03	1.04	-21.66	-20.56	-45,739.39	3.36
	Musoma Urban	1.26	49.20	47.71	0.03	1.07	-19.09	-13.81	49,798.35	3.62
	Nachingwea	0.99	55.91	47.40	0.00	0.95	-17.23	-18.75	-68,433.69	3.34
	Moshi Urban	0.72	34.48	32.34	0.05	0.75	4.63	0.83	159,972.41	6.15
	Iringa Urban	0.71	43.86	30.48	0.07	0.79	-8.63	0.63	137,930.00	5.43
	Same	0.69	43.76	44.70	0.08	0.92	0.16	3.98	-13,162.04	4.05
Worst passrates changes in '1	Musoma Rural	-0.24	63.10	58.26	0.01	0.24	-26.25	-18.86	-34,626.47	3.44
	Lindi Rural	-0.30	48.95	40.10	0.05	0.89	-24.68	-21.83	-63,500.00	2.55
	Iringa Rural	-0.30	29.53	51.10	0.05	0.65	-6.52	-0.88	-5,490.42	4.16
	Mkuranga	-0.30	44.07	44.43	0.07	0.79	-6.25	-2.05	-17,759.59	3.07
	Songea Rural	-0.32	38.80	43.96	0.10	0.96	-9.43	3.02	20,833.33	4.78
	Kigoma Rural	-0.42	67.46	58.49	0.02	1.27	-31.48	-25.16	-56,499.13	3.57
	Sumbawanga Rural	-0.49	73.38	61.15	0.00	0.77	-13.12	-15.26	-65,905.63	2.53

N.B. – Figures reported have been calculated based on the NECTA and BEST data from the Ministry of Education of Tanzania, as well as based on the Household Database of the Demographic and Health Survey Tanzania 2010.

Table 11 – Secondary Education Sector: Descriptive statistics of best and worst performing districts

The following table describes the performance in terms of changes in pass rates in ordinary level CSEE examination between 2008 and 2011 δA_i, as well as in terms of levels of pass rates in 2011 A_i for the best and worst performing districts in Tanzania. The table provides information on the teaching inputs, factors that describe the material and organizational conditions under which the teaching inputs are delivered to children and socio-economic characteristics of the districts. Gender differential in educational achievements are reported.

	Districts	Passrate '11 (%)	Pupils per teacher '08	Pupils per teacher '11	Teacher houses per teacher '08	Teacher houses per teacher '11	Gender differential '11	Average hh wealth factor	Average hh years of education
Best passrates in '11	Kahama	70.49	31.97	44.48	0.25	0.32	-9.31	-50,670.57	2.66
	Bukoba Rural	69.70	33.79	41.26	0.31	0.40	-11.11	-18,922.43	4.84
	Misungwi	69.07	34.15	42.87	0.36	0.32	-0.71	-59,852.46	3.17
	Hai	67.65	14.46	28.92	0.20	0.19	-2.03	62,944.66	5.47
	Maswa	67.57	36.43	29.98	0.40	0.31	-15.61	-34,533.14	3.41
	Ilemela	67.39	17.03	32.22	0.09	0.13	-5.38	140,774.34	4.97
	Moshi Urban	67.21	16.59	23.15	0.13	0.17	-2.91	159,972.41	6.15
Worst passrates in '11	Kisarawe	29.52	22.53	27.39	0.12	0.31	-9.91	-35,717.28	3.01
	Tandahimba	28.19	44.50	39.55	0.49	0.39	-25.42	-25,894.60	3.56
	Rufiji	26.39	21.47	40.70	0.90	0.63	-23.19	-52,664.96	2.27
	Liwale	25.88	49.00	43.66	0.49	0.49	-20.92	-64,034.48	3.17
	Kilwa	25.71	34.19	40.43	0.47	0.35	-4.33	-63,341.46	2.66
	Muheza	20.62	33.53	37.03	0.16	0.16	-11.75	-40,886.03	4.96
	Sikonge	18.20	45.00	37.09	0.38	0.21	-20.34	-32,659.37	2.70

Table 11 – cont'd

	Districts	Change in passrate '08-'11 (%)	Pupils per teacher '08	Pupils per teacher '11	Teacher houses per teacher '08	Teacher houses per teacher '11	Gender differential '11	Average hh wealth factor	Average hh years of education
Best passrates changes in '11	Kwimba	67.79	50.07	30.89	0.40	0.23	-10.12	-55,434.51	2.35
	Ludewa	0.63	29.96	44.79	0.54	0.44	-21.43	-24,770.11	3.97
	Rungwe	0.35	32.42	35.13	0.31	0.20	-8.42	-19,559.67	3.67
	Ilemela	-13.76	17.03	32.22	0.14	0.09	-5.38	140,774.34	4.97
	Kibondo	-16.86	26.21	32.26	0.52	0.53	-14.72	-70,780.82	3.63
	Mwanga	-20.61	20.12	24.90	0.29	0.30	-3.76	23,610.39	4.59
	Mbeya Urban	-23.26	25.64	29.48	0.12	0.01	-9.85	107,301.59	6.03
Worst passrates changes in '11	Nzega	-56.52	36.70	32.66	0.30	0.23	-16.19	-19,651.21	3.50
	Kigoma Urban	-60.07	23.74	40.65	0.21	0.11	-21.10	118,714.29	5.32
	Lindi Urban	-65.57	25.86	30.97	0.22	0.18	-24.64	96,646.15	4.48
	Ruangwa	-69.39	35.18	43.26	0.37	0.53	-17.18	-74,174.76	3.55
	Tandahimba	-69.56	44.50	39.55	0.49	0.39	-25.42	-25,894.60	3.56
	Newala	-69.82	56.48	40.30	0.35	0.52	-14.69	-30,322.10	3.69
	Liwale	-71.28	49.00	43.66	0.49	0.49	-20.92	-64,034.48	3.17

N.B. – Figures reported have been calculated based on the NECTA and BEST data from the Ministry of Education of Tanzania, as well as based on the Household Database of the Demographic and Health Survey Tanzania 2010.

Concluding Remarks

A. Primary Sector

- *Our findings reveal that educational achievement – as measured by PSLE pass-rates – is highly significantly positively affected by the teacher per pupil ratio. The smaller the classes under the supervision of a teacher, the better children perform. (Table 2)*

- *Surprisingly the number of textbooks per pupil seems to decrease significantly the level of educational achievement. (Table 2) This significant negative impact should however be interpreted with caution as we observe that the impact becomes statistically insignificant in most sub-samples (Table 3) as well as in the dynamic analysis. (Table 8)*

- *The higher the percentage of governmental schools within a district the lower the average education achievement level. (Table 2) This is particularly true when at the same time classes are very large or in the poorest districts of Tanzania. (Table 4) However it should be stressed that apparently the districts characterized by a higher percentage of governmental schools do perform better in terms of gender equality. (Table 6)*

- *Districts characterized by a higher level of education (as measured by the average level of education of adults within the district) reach a significantly higher educational achievement level. (Table 2) This is particularly striking among rural districts and is amplified when these districts are characterized by a higher average household wealth. (Table 4)*

- *Household size (controlling for adults' level of education and wealth) doesn't seem to affect significantly children's educational achievements. (Table 2) However we observe that household size and educational achievements are negatively in rural districts (Table 4)*

- *The most relevant variable in terms of teacher incentives turns out to be teacher offices per teacher. However surprisingly, the higher the amount of available offices per teacher the lower the level of educational achievements at the district level. Most puzzling is the fact that this is particularly striking in urban districts. (Table 4)*

- *Gender differentials in terms of educational achievement tend to significantly decrease when the teacher per pupil increases but tend to significantly increase in districts where households are on average wealthier and (every things remaining equal) larger. (Table 6) An increase in teachers across years has moreover been documented to be significantly positively related to a decrease in gender differentials across the 2008-2011 period.*

B. Secondary Sector

- *First results show that in the secondary education sector educational achievements – as measured by Ordinary Level pass-rates – are significantly positively affected by the teacher per pupil ratio. The smaller the classes under the supervision of a teacher, the better children perform. (Table 3) It should be stressed that the positive impact of teachers on children's educational achievements tends to decrease in urban districts. (Table 5) Furthermore – strikingly – districts in which the teacher per pupil ratio has increased more perform worse than before when comparing 2008 and 2011. (Table 9)*

- *The number of textbooks per pupil has an overall weak impact on the level of educational achievement. (Table 3) This turns out to be particularly true in rural districts. In urban districts however they seem to have a positive effect. Does this suggest that they have a positive impact if they are either well exploited in a suitable education setting remains an open question. (Table 5).*

- *In schools located in districts characterized by a higher level of education (as measured by the average level of education of adults within the district) we observe a significantly higher educational achievement level. Controlling for district level performance in terms of adults' education level, the higher the level of wealth the higher the probability that the school's average pass rate will be above average. (Table 3)*

- *Schools located in districts characterized by larger households (at the same level of education and wealth) seem to perform better. (Table 3) A closer look at this relationship across urban and rural districts reveals that the relationship is verified in rural districts but is reversed in urban districts. (Table 5)*

- *In terms of teacher incentives, at first sight teacher houses do not seem to affect teachers' motivation and hence children's educational outcomes. (Table 3) A differential analysis across urban vs rural districts reveals that that teacher houses have a positive impact on final educational achievements but the impact is statistically significantly stronger in urban districts. (Table 5)*

- *Gender differentials in terms of educational achievement are larger in schools that perform worse. Gender differential tend to significantly decrease when the teacher per pupil increases and are significantly smaller in schools located in highly educated and wealthier districts (measured by average household adults' level of education and average household wealth). This empirical finding is verified both for top pass rates and total pass rates. Finally it should be noted that the unconditional gender differential is higher when focusing on top pass rates. (Table 7)*

C. Comparison between Primary and Secondary Sector

- *First it should be observed that the heterogeneity in terms of district-level pass rates and teacher per pupil ratio is much larger in the secondary education compared to the primary education sector. (Table 10 vs Table 11)*

- *Second, it should be stressed that in the secondary education sector the unconditional level of educational achievement is not monotonically increasing at differential levels of 'teacher per pupil' ratio – in contrast with the primary education sector where the increase is clear and statistically significant. This reveals that the impact of the teacher per pupil ration is less clear and straight-forward in the secondary education sector.*

- *Third while in the secondary sector districts in which the teacher per pupil ratio has increased more perform worse than before when comparing 2008 and 2011, no comparable trend can be verified in the primary sector (where changes in teacher per pupil ratio haven't influenced educational achievement levels between 2008 and 2011)*

- *Fourth, levels of education and wealth (measured within the district) affect much more secondary level educational achievements than primary level educational achievements.*

Comments / limitations :

- *Children's educational achievements are very difficult to assess. In today's world no agreement has emerged yet on what defines educational achievements. The measurement of educational achievements is even exacerbated in developing countries. (please refer to www.uwezo.net)*

- *It should be stressed that both household wealth and household size factors are orthogonalized on level of education (resp. level of education and household wealth) which means that the household wealth factor measures variations in household wealth at each distinct level of education while the household size factors is measured controlling for level of education and household wealth.*