

**Working Paper 204**

**Results-Orientated Expenditure Management  
Country Study – Tanzania**

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## Acronyms

CAG	Controller and Auditor General
CFAA	Country Financial Accountability Assessment
CSD	Civil Service Department, President's Office
CSRP	Civil Service Reform Programme
DDCA	Drilling and Dam Construction Agency
DED	District Executive Director
EAP	Executive Agencies Programme
FY	Fiscal Year
GFS	Government Financial Statistics
HBS	Household Budget Survey
IFMS	Integrated Financial Management System
IMTC	Inter-Ministerial Technical Committee
LGA	Local Government Authorities
LGRP	Local Government Reform Programme
MAFS	Ministry of Agriculture and Food Security
MCM	Ministry of Cooperatives and Marketing
MDAs	Ministries, Department and Agencies
MJCA	Ministry of Justice and Constitutional Affairs
MNRT	Ministry of National Resources and Tourism
MOEC	Ministry of Education and Culture
MOF	Ministry of Finance
MOH	Ministry of Health
MOW	Ministry of Works
MTEF	Medium Term Expenditure Framework
MTPRS	Medium Term Pay Reform Strategy
MWLD	Ministry of Water and Livestock Development
NGO	Non-Governmental Organisation
NPES	National Poverty Eradication Strategy
OPRAS	Open Performance Review and Appraisal System
PEDP	Primary Education Development Plan
PER	Public Expenditure Review
PFMR	Public Financial Management Reform
PIF	Performance Improvement Fund
PIM	Performance Improvement Model
PMMP	Poverty Monitoring Master Plan
PMS	Performance Management System
PRS	Poverty Reduction Strategy
PRSP	Poverty Reduction Strategy Paper
PoMoS	Poverty Monitoring System
PORALG	President's Office Regional Administration and Local Government
POPP	President's Office Planning and Privatisation
PSP	Private Sector Participation
PSRP	Public Service Reform Programme
PWMI	Poverty and Welfare Monitoring Indicators
RFB	Road Fund Board
RS	Regional Secretariat
SASE	Selective Accelerated Salary Enhancement
TACAIDS	Tanzania Commission against AIDS
TANROADS	Tanzania National Roads Agency

TAS	Tanzania Assistance Strategy
TAU	Technical Audit Unit
TPSC	Tanzania Public Service College
TWG	Technical Working Group
URT	United Republic of Tanzania

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## Executive Summary

Results-oriented planning, budgeting and management systems in Tanzania is centred around the Poverty Reduction Strategy (PRS), first issued in the Poverty Reduction Strategy Paper (PRSP) of October 2000.

The introduction of performance based planning, budgeting and management systems, however, was initiated through several separate initiatives, prior to the development of the PRS in 2000. Performance budgeting started in phases in 1998 linked to introduction of three-year medium-term expenditure frameworks (MTEFs), while the Performance Management System was designed as a component of the Public Service Reform Programme (PSRP), which took off in 2000. Linking of block grants to specific service delivery targets at local government level has been planned since 1998, (though it has not yet been implemented). In all these initiatives the institutions covering the PRS priority sectors have been the first to pilot and operationalise the new systems, together with the core ministries and departments such as Ministry of Finance, Civil Service Department and the President's Office Planning and Privatisation (formerly Planning Commission).

Steady progress has been made on performance budgeting and MTEF's now covering all central ministries and departments, and the Performance Management System is gradually being applied in an increasing number of central ministries, departments and agencies, initially those relevant to the PRS. A system of salary enhancements for selected key personnel has been introduced in some central government ministries in an attempt to attract and retain staff with essential skills and good performance in a system, which is increasingly sophisticated but still offering a totally unattractive basic salary scale. Performance based systems in local government has been less successful. The reform process has been delayed due to inability to handle issues relating to allocation of the all-important central government grants according to objective criteria, linking allocations to service delivery targets and realignment of primary service staff (particularly teachers) in accordance with needs. Grant allocations to the local authorities remain intransparent, largely a result of historic developments, including local political influence and ineffective central staff management systems.

SWAps as an important prerequisite for results based planning and budgeting, have been established so far only in health sector and the primary education sub-sector. An agricultural SWAp is expected to take off in 2003. Water, roads, judiciary and the remaining parts of education are yet to be covered. As SWAps constitute the principal basis for costing of PRS related sector programmes, a firm basis for deciding sectoral expenditure allocations is yet to be completed.

Indicators and targets exist in all PRS relevant sectors and at all levels e.g. in sector development programmes, institutional strategic plans, annual action plans, MTEF/budget proposals. They cover impact, outcome, output, process and input indicators. Targets appear to be generally owned by the main sector institutions, often set by the sectors themselves or by central government departments through participative processes. However, the proliferation of indicators lack consistency and a well-structured hierarchy in relation to the intended use of the indicator and the institutional responsibilities for deciding targets and monitoring progress towards achievement.

Local government authorities are largely operating as implementing agents for central government in providing the main services in health and education. Cascading of targets to local government authorities and service outlets remain based on national targets and have not sufficiently taken into account the local baseline and available resources. Some regions have taken individual initiatives to address this problem.

Substantial work has been accomplished in firming up poverty baseline data through major surveys, which will help to monitor poverty impact and outcome targets periodically. Much less progress has been made in improving existing and establishing new systems for collection and processing of routine data on inputs, outputs and intermediate outcomes, which can be monitored for annual progress. Serious concerns have been expressed both as regards quality of routine data systems and the realism of some targets set in the original PRSP.

The PRS set out to significantly increase budget allocations to the priority sectors over a three year period. After a clear shift in the allocations towards these sectors in the first year, the overall envelope for the priorities appears to have stagnated. Important discussions concerning this issue are ongoing between the Government and the providers of general budget support (World Bank and eleven bilateral grant donors). Part of the problem is related to lacking clarity in the PRS and in the budget/MTEF formulation process as well as a widening gap between the two processes. Issues include (i) differing definitions of what constitutes the PRS priorities (sectors, sub-sectors, specific line items) and their definition in budget classification terms, (ii) lacking information on the basis for the political decisions on strategic expenditure allocations during preparation of the MTEF/Budget Guidelines that set sector and institutional expenditure ceilings, (iii) poor integration of personnel costs and development project expenditure in the performance based MTEF/Budget formulation process, effectively limiting performance budgeting to 20% of the resource envelope for the PRS sectors, (iv) dubious quality of expenditure projections in the original PRSP, for which comprehensive costing of policy proposals was unavailable.

Budget execution has improved steadily during the last 5-6 years, helped by success in achieving macro-economic stability and improving projections of the fiscal resource envelope. In recent years the most destabilizing factor has been inadequate predictability of the volume and timing of external budget support. Due to the government's application of a cash budget system, fluctuations in resource availability have affected exchequer releases and programme implementation, particularly in the non-priority sectors. In the PRS priority sectors the impact of such instability has been diminishing due to the Government's commitment to effectively protect the budgets of those sectors and the issue of funds on a quarterly basis.

Donors have been helpful to the Government's efforts by providing an increasing level of budget support (now about 3.7% of GDP or 16% of the entire budgetary resources) though project support remains overall dominant at about double that level. Budget support is being provided through a donor harmonization process that from 2003 will include all budget support providers and encompass the World Bank and eleven bilateral grant donors and use joint conditionality definitions and review processes.

Performance monitoring is still in its infancy. Annual reporting by ministries and departments on achievement of institutional targets is scanty except for financial budget execution. Local governments prepare innumerable reports but often aimed at individual programmes and particular funding institutions. Inadequate cascading of targets, intransparent grant allocation mechanisms and poor routine data collection systems make it under any circumstances impossible to hold local councils accountable for results. Performance auditing has been introduced in the Public Finance Act of 2001, but little has been done except for review of a number of infrastructure projects by a technical audit unit under the Ministry of Finance. Joint government/donor reviews of sector programmes have been firmly established as an annual event in the health sector, while similar arrangements are expected to emerge in other sectors in 2003 (e.g. primary education)

The findings of the country case study indicate that priorities for improvement in PRS related performance planning, budgeting and management should include the following actions:

- Expand the coverage of SWApS to all PRS priority sectors and their sub-sectors;
- Improve coherence between the PRS and sector development programmes on the one hand and the strategic and operational planning process at institutional level on the other hand, to ensure consistency in objectives, targets, activities and indicators;
- Expand MTEF coverage to gradually integrating personnel requirements and costs into the budgeting process as well as donor funded project activities;
- Strengthen responsibility for service delivery plans at the local government level by establishing objective and transparent criteria for allocations to LGAs e.g. based on expected general service standards, service cost related district characteristics and assessment of the individual base for local revenue collection;
- Improve the routine data collection system in order to generate annual reports on progress in service output and outcomes for a broad range of poverty relevant indicators.
- Strengthen the application of the SASE incentive scheme, by extending coverage of the scheme, while simultaneously removing all other ad hoc incentive schemes, which may overlap or create perverse incentive.

## Chapter 1: Introduction

### 1.1 Background to the study

This study constitutes one of a series arranged by Overseas Development Institute's Centre for Aid and Public Expenditure (CAPE), with DFID financing, on the practice of results-orientation in public expenditure management in developing countries. A full list of the paper in this series can be found on page (ii).

The purposes of the CAPE studies are (i) to deepen understanding of the current use of results-oriented frameworks in the planning, management, monitoring and evaluation of public expenditure in low income developing countries and (ii) to establish priorities for extending, deepening and tightening current practices.

Tanzania, like other low income countries which have prepared Poverty Reduction Strategy Papers (PRSPs) for scrutiny by the international donor community, expect that future development assistance will fully support the strategies articulated in these papers, and that donors will provide assistance through national machineries for budgetary resource allocation, public expenditure management, public procurement and accountability. Donors are likely to be more willing to rely on these national processes and procedures if they have confidence in the financial accountability, efficiency, effectiveness and relevance to poverty reduction of the national systems. At the same time PRSPs are concerned with ways of achieving results – in terms of poverty reduction and of access for poor people to public services. The adoption of results-based approaches to public expenditure management by PRSP countries, alongside the strengthening of their fiduciary frameworks, would thus appear to be important not only for making governmental action to reduce poverty more effective, but also to build the confidence of donors in government policies and programmes.

The purpose of the country case study is to look in depth at the use currently made of input level, activity level, intermediate output, final output and development outcome targets, and of reported results, in defining public expenditure strategy and sectoral policy, in allocating resources, and in the day-to-day management of programmes.

### 1.2 Research hypotheses

The country studies test the hypotheses – based on the findings of earlier ODI studies – that countries in the sample:

- have already adopted – as part of preparing PRSPs or other policy initiatives – significant elements of results-oriented budgeting and performance management practice, including performance targets for programmes relevant to their poverty reduction goals, and
- have often translated these into medium term sectoral performance objectives, but may have encountered implementation problems limiting the effectiveness of results-oriented budgeting because some of them may:
  - have often not satisfactorily costed their targets, nor had them operationalised by line managers, so that resources allocated are inappropriate to results sought,
  - have been distracted from the single-minded pursuit of results by the prior needs of macroeconomic stabilisation and aggregate public expenditure control,

- pursue policies inconsistent with or inimical to their announced poverty reduction objectives, e.g. by levying users charges that discourage universal access to public services,
- give insufficient guidance to front-line service providers on the results expected from them,
- have public expenditure auditing practices that still pay little attention to results,
- give rather superficial political and parliamentary scrutiny to the causes of performance below expectation, and are reluctant to hold those responsible to account and thus
- still have considerable progress to make in monitoring the implementation and outputs of (directly or indirectly) poverty-reducing expenditure programmes.

Conclusions of the study specifically referring to these hypotheses are presented in Chapter 9.

### **1.3 Methodological issues**

The country case study was carried out by a team of one international and three local consultants. Most of the work was undertaken during the period September-November 2002.

In Tanzania the sectors being studied for results-oriented planning, management and monitoring approaches were defined in accordance with the PRSP to comprise:

- basic education
- primary health care
- rural roads
- water supply/sanitation
- agricultural/livestock research and extension
- the judiciary
- HIV/AIDS

These are the sectors which the Government has declared would be the focus of its poverty oriented expenditure programmes (URT October 2000).

Most the services covered by the PRS sectors will be delivered by the country's 113 local government authorities (LGAs).<sup>1</sup> The study team visited five LGAs during the course of the study. The local authorities visited are not entirely representative of the national situation. Instead the councils have been selected on the basis of potential for finding emerging aspects of performance management. The emphasis has been placed on urban rather than rural councils and on councils participating in phase I of the Local Government Reform Programme (LGRP) rather than those not yet covered. The councils visited can be classified as follows:

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<sup>1</sup> Tanzania (Mainland excluding Zanzibar) has 114 local authorities, but Dar es Salaam City Council is an umbrella for the three municipal councils in the city and is not directly involved in PRS relevant service delivery. Zanzibar was not covered by the study.

**Table 1: Councils Visited**

	Urban	Rural
LGRP Phase I	Temeke Municipality Morogoro Municipality	Iringa District
LGRP later phases	Iringa Municipality	Kilosa District

The relevant literature on results-oriented expenditure management accepts that a high degree of confusion exists on terminology and definition of categories of indicators. The paper uses the following terminology and definitions, inspired by Aidan Rose in 'Results-oriented budget practice in OECD Countries' (Rose, A. 2002).

**Table 2: Terminology and Definitions of Indicators Categories**

<b>Indicator Category</b>	<b>Definition</b>
Impact	A synonym for outcome, but here used for the long term consequences of government action.
Outcome	The impacts on, or consequences for, the community from the outputs or activities of the government. Outcomes reflect the intended and unintended results from government actions and provide the rationale for interventions. Here used for immediate or medium term impact.
Final output	Direct products or services stemming from the activities of a policy, programme or initiative and delivered to the community (target group)
Intermediate output	Products or services stemming from the activities of a policy, programme or initiative and delivered as a step in the process of producing a final output, either as an internal benchmark of the organization or as an input to other government institutions.
Physical input	Physical resources available to an organization or manager made available for the purpose of carrying out activities, producing outputs and achieving results.
Financial input	Financial resources available to a manager to enable him/her to carry out activities. Can be measured ex-ante (budget) for planning, de-facto (funds received) during implementation, or ex-post (actual spending) for accounting purposes

## **Chapter 2: The Policy and Planning Context**

### **2.1 National Development Framework**

From the mid-1990's onward, the policy process for poverty eradication has intensified. The National Poverty Eradication Strategy (NPES), which sets out the strategy and objectives for poverty eradication efforts through 2010, was developed in 1997 (VPO, June 1998).

Parallel with the NPES preparation, the Government worked on the formulation of a long term development vision, providing an image of the Tanzanian society as it may evolve in a quarter century horizon. The resulting document 'The Tanzania Development Vision 2025' (Planning Commission, undated), offered the long-term national vision of economic and social objectives to be attained by the year 2025. These objectives include a high quality livelihood; peace, stability and unity; good governance; a well educated and learning society; and a competitive economy capable of producing sustainable growth and shared benefits. The Vision 2025 sets out broad development goals, but in most cases does not specify quantitative targets (with the exception of the targeted annual GDP growth rate and the reduction in maternal and infant mortality).

In 1998 the Government began work on the Tanzania Assistance Strategy (TAS) and subsequently on the Poverty Reduction Strategy Paper or PRSP (URT October 2000), which were developed concurrently, building on the Vision 2025 and the NPES. The TAS is a Government initiative aimed at restoring local ownership of and leadership in the development process. It aims at promoting partnership in designing and executing development programmes. The strategy, which has a five-year time frame, provides a broad national strategic framework within which the PRSP operates.

The ruling party, CCM, developed its election manifesto for the 2000 presidential and parliamentary elections in parallel with the Vision 2025 and the NPES. The PRSP is in many aspects based on the CCM Manifesto.

### **2.2 The Poverty Reduction Strategy**

The PRSP development started in 1999 and resulted initially in an Interim PRSP in the beginning of 2000 enabling Tanzania to reach HIPC Decision Point in April 2000. It was followed by the complete PRSP in October 2000. HIPC Completion Point was reached in November 2001 with the approval by the World Bank and the IMF of the first PRSP Progress Report for the year 2000/01.

The PRSP process has been marked by substantial innovations. The process has been participatory (including countrywide consultations of public and private organizations) and owned by the Government that was deeply involved in formulating the contents and setting the objectives. Through regular evolution and donor support, the PRSP is emerging as the central strategic policy process in the country.

The PRSP concludes that poverty affects over half the population and recognises that poverty is largely a rural phenomenon. It also recognises that past tendencies of centralised Government control at the expense of people's participation, and corruption as well as the erosion of effective law enforcement and the judiciary, have negatively impacted the social well-being of the poor. Adverse weather conditions and the increasing impact of HIV/AIDS have further added to the vulnerability of the poor. The strategy is based on three considerations:

- It is an instrument for channelling national efforts towards broadly agreed objectives. The elaboration and implementation of the strategy are fundamentally continuous processes.
- It is an integral part of ongoing macro-economic and structural reforms. Government has chosen to accelerate selected reforms that are likely to have a major impact on poverty reduction.
- It concentrates on efforts aimed at reducing income poverty; and on improving human capabilities, survival and social well-being.

The PRSP's overriding goal is poverty reduction for an increasing share of the Tanzanian population with the following focus:

- Income poverty reduction, with the following target figures derived from the NPES (years: 2000-2003-2010):
  - all population below the basic poverty line: 48% – 42% – 24%,
  - rural population below the basic poverty line: 57% – 50% – 29%,
  - food poor: 27% – 24% – 14%.

Overall economic growth (target: over 6% per year), and specific growth in agriculture (target: over 5% per year) are the main means to achieve these reductions, which will require continued sound macro-economic and new rural and private sector development policies.

- Human capabilities, survival and well-being: This comprises specific objectives in primary education and health, to be measured by output and outcome indicators, as well as efforts towards participatory development, legal reform and better governance. Specific interventions are foreseen for vulnerable groups.

The strategy covered initially the 3 years 2000/01, 2001/02 and 2002/03, but is being extended, through a rolling process, until 2010. The PRSP noted that in two main sectors, i.e. education and agriculture, sector development strategies have not yet been formulated. Overall estimates of finance requirements were therefore provisional. Necessary budget allocations for PRSP purposes were estimated at some 1.9 trillion TShs (\$ 2.4 billion) for the three years FY01-FY03. One third of this was expected to come from domestic resources and two thirds from external aid resources.

## 2.3 Sector strategies and development programmes

Specific sector strategies and development programmes have been completed in a few of the PRSP's priority sectors.

Already prior to the PRSP preparation, the health sector had developed a comprehensive sectoral development programme with medium term targets. Similarly, work on an Education Sector Development Programme started during the mid 1990es and finally resulted in a Primary Education Development Plan in 2001. Meanwhile work is still ongoing on the secondary and tertiary education sub-sectors. The agricultural sector is in the process of preparing a sector plan. So far a sector strategy has been approved, but the development programme with related medium term targets and programme costing has not yet been finalized. In the road sector, a Ten Year Development Programme has been prepared, but it covers only the national trunk network and regional roads, while district feeder and urban roads are excluded. None of the other PRSP priority sectors (water/sanitation, judiciary and HIV/AIDS) have yet developed such medium term plans with sector-wide coverage, nor have the non-priority sectors developed such comprehensive plans.

The existing sector development programmes identify objectives and targets, present budgets and identify the institutional responsibilities for implementation. They constitute, therefore, an essential

link between objectives and targets at the macro-level and the corresponding objectives and targets at the level of the individual institutions responsible for implementation.

In all cases the local government authorities (LGAs) are foreseen to play a major role in implementation. About 70% of the funds, identified as budgetary priority items in relation to the PRSP, will be channelled directly through the LGAs (or about 50% of the total recurrent expenditure in the PRS priority sectors).

## **Chapter 3: Introduction of Performance Management Systems**

### **3.1 The context of public sector reforms**

The Government of Tanzania is in the process of implementing numerous central and sectoral reforms and related planning processes with performance management as the central theme or an important component. In principle these reforms are linked as the output of one process feeds inputs into others. Annex 2 provides an indication of the status of preparation and implementation of the reform elements in each of the PRS priority sectors.

The core central reforms comprise the Public Service Reform Programme (PSRP) and the Local Government Reform Programme (LGRP), managed by the Civil Service Department and the Regional Administration & Local Government Department respectively, both in the President's Office. Other central reforms include the Legal Sector Reform and the Public Finance Management Reform (PFMR). The PSRP, the LGRP and the PFMR all include important aspects of results-(or performance) based management of the public sector.

The PSRP and the LGRP are institutionally firmly established, though with different degrees of integration into their parent departmental structures. Lines of reporting and involvement of donors in management and advisory committee structures have been operational for several years. These reforms are described in more detail in 3.2 and 3.3 below.

The PFMR is coordinated by Ministry of Finance, but is not yet firmly anchored institutionally. It has so far encompassed a group of loosely related and loosely coordinated activities, mainly implemented through stand-alone projects. The interface with donors has been ad hoc. Attempts are being made to improve on this situation by preparing an integrated PFMR Programme with overall work planning, budgeting and monitoring of the programme and action plan based on the recommendations of the Country Financial Accountability Assessment (CFAA) initiated in early 2001. The most important results-based management components in the PFMR are the introduction of performance budgeting and medium term expenditure planning and budgeting. These elements are described further in chapter 4. Other PFMR elements are important for financial reporting and accountability.

### **3.2 Public service reform**

Currently the Civil Service Department has an overarching role to spearhead and coordinate reforms in all the sectoral ministries, independent government departments and government agencies (MDAs). The reform programme started with the Civil Service Reform Programme (CSR) that lasted over a period of five years (1993-1998). The latter was mainly concerned with rationalization of government functions including downsizing government functions through disengagement from productive activities mostly undertaken by the parastatal institutions and creation of agencies which are semi autonomous; rationalization of employment through improvement of personnel records management and reduction in staff; addressing issues of efficiency through process re-engineering and introduction of modern technologies; and undertaking pay reform to address issues of inadequate pay and proliferation of individual allowances.

The CSR was succeeded with a more comprehensive Public Sector Reform Programme (PSRP) covering a period of ten years split into three phases which are:

Phase 1: installing performance management system (2000-2005 i.e. ongoing)

Phase 2; instituting performance management culture (2005-2008)

Phase 3: instituting quality improvement cycles (2008 –2011)

Phase 1 of PSRP strongly focuses on achieving sustainable improvements in the capacity of the public service with the following components.<sup>2</sup>

- Performance management system
- Restructuring and private sector participation.
- Executive agency Programme
- Management information system (MIS)
- Records management project
- Leadership and management development
- Meritocracy development
- Restoration of ethical conduct
- Gender
- Program coordination, monitoring and evaluation

A major task in this first phase of the development program is to install Performance Management Systems (PMS) in the MDAs. The objective is to improve quality, efficiency and effectiveness of services and performance throughout the public service on a continuous and sustainable basis. The component seeks to refocus the public services on results, in line with the Public Service Management and Employment Policy.

PMS comprised the following key functional elements:

- Undertaking service delivery surveys, (SDS)
  - Undertaking self assessments using the business excellence model (SA),
  - Preparing a development programme for the MDA (DP),
  - Preparation of strategic plans with a medium term focus (SP)
  - Preparation of operations and action plan for the medium term and current period respectively (OP/AP)
  - Adoption of performance oriented budget (PB).
  - Preparation of Client Service Charters (CSC)
  - Establishment of Individual assessments/agreements (IA)
  - Installation of an M&E system (M&E).
- The Civil Service Department (CSD) has established a unit in the directorate overseeing PMS installation in MDAs, whose responsibility is to assist the MDAs in undertaking the process of installing the PMS. On their side, the MDAs have set up change management teams that will spearhead and coordinate the installation of PMS.
  - To further facilitate the process of making the necessary preparations the Government created a fund, the Performance Improvement Fund (PIF), which can be accessed by the MDAs to finance specific capacity building and service improvement initiatives during the PMS implementation (including preparations of the plans, undertaking service delivery surveys, in-house training, engagement of experts, holding necessary participatory meetings of stakeholders in the MDAs to endorse the plans etc).

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<sup>2</sup> For a short description of the components refer to Annex 1.

In realisation of the strenuous effort involved in bringing PMS to full operation in the MDAs, and in recognizing the delay in implementing fully the targets of the Pay Reform initiative, the Government also allowed the MDAs to use the PIF to provide incentive payments to mid-career technical and professional public servants in key positions (CSD May 2000 p.4). The latter payments fall under what has been termed 'selective accelerated salary enhancement' (SASE) scheme. The SASE compensation becomes an incentive mechanism in promotion of a coherent strategic planning and budget process. As a pre-condition, the SASE becomes accessible when the cycle for installation of PMS is complete, meaning the Client Service Charter is written, in the context of the institutional strategic objectives and targets set, and is ready for launching.<sup>3</sup>

The pace of progress in installation of PMS differs significantly among MDAs. The achievements in the various MDAs are summarized below.<sup>4</sup>

- Ten MDAs have reached the ultimate stage of writing the client service charter: (CSD; POPP; MWLD; MAFS; MoF; MNRT; MOEC; TPSC, Chief Government Chemist; and DDCA).
- Another four MDAs have managed to complete the preparation of strategic, operational and action plans (MCM; PORALG; MJCA and the Judiciary).
- Ten MDAs have been trained in using OPRAS and will start to use the system soon (MWLD; MAFS; MNRT; MoEC; MCM; PO-RALG; MoJCA; TPSC; Chief Government Chemist and the Judiciary).
- Five MDAs have introduced OPRAS (CSD; POPP; MoF; MoH; and DDCA).
- Four MDAs receive SASE funding (CSD; POPP; MoF and MoH).

Introduction of PMS has been concentrated in the core central MDAs (CSD, MOF, POPP and PORALG) as well as the sector ministries covering PRS priority sectors. Good progress has been made except for Ministry of Works. Most recurrent funding of the road sector, however, takes place with ring-fenced funding through the Road Fund Board, which has reached an advanced stage of performance management (see Annex 3).

Whereas much effort has gone into the installation of the various components of PMS, however, much work still remains to be done such as:

- Extending to full coverage of (approximately 40) MDAs.
- Installation of M&E system that is critical to the whole process of improving service delivery process as this will form the backbone of the monitoring and evaluation function.
- Undertaking service delivery surveys and self-assessment, that are critical to identifying the needs of clients to be addressed as well as identifying internal weaknesses and strengths.
- Undertaking training of staff to appreciate the various changes being introduced and be able to use them.
- Revisit the SASE incentive scheme to ensure that it provides real incentives for improved individual performance.

### **3.3 Local Government Reform**

Since the mid-1980s, the Government has been pursuing a decentralisation policy to give local government authorities (LGAs) increasing control over activities at district level. During implementation of the Civil Service Reform Programme in the 1990s, the issues of decentralisation

<sup>3</sup> For further details on the SASE scheme and its implementation, refer to Annex 1, section 4.

<sup>4</sup> Ref. (CSD; July 2002. p.4)

and reform of LGAs were initially covered as a component of the CSRP, later to be separated into a reform programme in its own right due to the importance and complexities of decentralisation. In 1996 a Local Government Reform Agenda was formulated. The Government's policy in the area was publicised in October 1998 (MRALG October 1998) and presents the Government's vision for a new local government system as one in which:

- the devolution of roles and authority from the centre will be based on the local authorities' capacity and efficiency in delivering services;
- local government councils will be free to make policy and operational decisions consistent with the laws and central government policies;
- the role of the central government will be confined to facilitation and enabling LGAs in their service provision, providing adequate grants, development and management of a policy and regulatory framework, monitoring accountability of the LGAs, and conducting financial and performance audits;
- the LGAs will possess resources and authority necessary to perform the functions they have been mandated by the local people and the central government;
- leadership of the LGAs will be chosen through a fully democratic process, extending also to village councils;
- the LGAs will facilitate participation of the people in planning and executing their development programmes;
- service delivery will be based on local demands and socio-economic conditions in the individual LGAs;
- LGAs will be transparent and accountable to the people, and this would be the basis for their autonomy from central government interference.

In order to reach this ambitious vision, a Local Government Reform Programme (LGRP) was prepared with focus on political, financial and administrative decentralisation.<sup>5</sup> After two years of preparation the LGRP started operation in 1999 with a first batch of 38 councils.

Restructuring of service delivery by the LGAs is an important element of the reform. Outsourcing and privatisation are core issues. Restructuring is designed as a 17-step process under the LGRP with the 38 LGAs under LGRP phase I approximately half-way through the process (ref. Annex 4). At this stage practically all phase I councils have formulated their vision, mission, objectives, strategies and performance indicators/targets, and are in the process of finalising the strategy documents, implementing quick-wins (mainly comprising outsourcing of service provision to the private sector) and proceeding with the subsequent organisational review. These councils have reached the crucial tasks of reassessing the required organisation, staffing needs and operational costs.

Towards the end of 2000 it was becoming increasingly obvious that the LGRP was running into serious implementation problems. Substantial training and other capacity building activities were being carried out, but systemic reform was absent in practice, even where the necessary legislation had in fact been prepared and introduced.

The main problems concerned fiscal decentralisation (taxation and grant systems) and administrative reform (de-linking locally working staff from the central parent ministries). In addition the match between functions and capacity of the Regional Secretariats needed addressing. A joint government-donor review of the LGRP in 2001 confirmed the initial findings and identified major reasons for the lack of reform. Of particular importance were:

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<sup>5</sup> The LGRP was originally to be executed under the responsibility of the Prime Minister's Office. At the inception of the LGRP a new Ministry of Regional Administration and Local Government was formed. This ministry of later transformed into an independent department in the President's Office (Regional Administration and Local Government or PORALG).

- resistance to devolution of financial and administrative powers from central ministries (Civil Service Department and Ministry of Finance) due to lacking trust in the LGAs' ability to perform the new functions efficiently and with satisfactory accountability;
- financial management capacity is weak, as evidence by the Audit Report for 2000 for Local Government Authorities by the Office of the Controller and Auditor General.<sup>6</sup>
- lack of a well conceived change management strategy as regards transfer of staff from central to local government employment, affecting some 170,000 out of the government's total of 355,000 employees.<sup>7</sup>
- conflicting provisions in sector legislation and the amended local government legislation, needing legal harmonisation in particular as regards staff management issues;
- pretence to base central government grants on national minimum standards of service, which were in reality not used, as they were not always relevant, in most cases unaffordable within existing resource envelopes, and not related to the horizontal distribution of the resource envelope among LGAs;
- LGAs are lacking real incentives to effectively restructure their organisations. It is at the moment not possible for a LGA to retain savings made on personal emoluments in a sector and use them on operational expenditure instead, not to mention reallocation to another sector. Grants are sector specific and separated into staff and operational expenditure. The MOF is operating the payroll for all staff at LGAs above clerical level and issues exchequer releases to the LGAs in line with monthly payroll output. The LGAs function essentially as payment agents.
- selection of the first batch of 38 councils was made rather on grounds of donor presence and geographical spread, than on the basis of assessment of financial viability, financial management and accountability, being the selection criteria set out in the policy paper.
- By attempting to let all 38 councils proceed in parallel with receiving new powers, performing new functions and building capacity, the Programme had confused the case for systemic reform based on demonstrated good performance with need for capacity building in councils with poor performance.

Following the 2001 Review a number of initiatives have been made to address the problems. Progress has been made in developing criteria for financial performance assessment of LGAs as a basis for granting of enhanced powers and increased grant funding (PWC October 2002). It is also clear that the split of the remaining councils into phase 2 and 3 will be abolished and councils may participate on the basis of demand, needs assessment and support capacity.

Several crucial areas of reform are still in need of new solutions e.g. allocation of revenue sources and sharing of revenue between central and local government,<sup>8</sup> staff transfer implementation, and allocation criteria for block grants based on objective formulas.

In order to create an incentive for improving financial management, it is the LGRP's intention to introduce a classification of LGAs according to financial management performance and transfer enhanced powers and responsibilities to the LGAs according to their ranking. Those in the best performing class would be able to receive true block grants (though still sector specific) with the powers to plan and budget their use without further interference from central government. Savings

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<sup>6</sup> Only 16 of the 114 councils received clean audit certificates, while 23 and 75 received Qualified and Adverse Opinion respectively. PO-RALG has in fact questioned many of the audit report offering clean audit certificates, which if revised could be reduced to as little as 3 (PWC, October 2002).

<sup>7</sup> Most of the staff working in the LGAs are recruited and managed by the central government. Attempts to transfer the staff to LGA employment and management have so far failed, due to resistance from staff, who are concerned about their employment rights and benefits, not least in view of the poor performance by many LGAs in management of employee contributions to pension schemes and other statutory and individual contributory schemes.

<sup>8</sup> The collection of own revenue plus the LGA portion of revenue share with central government typically constitute in total only 20% of the amount received by the LGA from central government in the form of sector specific grants.

made on some services, activities and expenditure items could then be freely transferred to other budget items within the same sector.

## Chapter 4: The Budget Systems and its Management

### 4.1 Strategic expenditure allocation

The calendar for central and local governments' preparation of the annual budget (and in the case of central government MDAs the accompanying MTEF) is outlined in Box 1. More details are provided in Annex 5.

At the central government level, the most important step is the formulation of the Budget Guidelines. These Guidelines set the ceilings for allocations to sectors and their related MDAs as well as the resources to be made available as grants to the local government. The ceilings are fixed for the three years of the MTEF period and are broken down into personal emoluments including the basic salaries and fixed allowances (PE), other charges (OC) and development expenditure. In essence therefore, these guidelines constitute the main tool of the government to express the strategic decisions on expenditure allocations over the medium term period covered by the MTEF. Although there are opportunities for adjustments of such allocations late in the budgeting cycle, such adjustments are bound to be relatively limited at a stage where the detailed budgets have already been prepared by all MDAs in immense detail.

#### **Box 1: The Budget Formulation Cycle**

*Central Government, Fiscal Year 1<sup>st</sup> July to 30<sup>th</sup> June*

Preparation of budget guidelines	September-December
Issue of budget guidelines for MDAs	December-January
Preparation of MDAs budget proposals	December-April
Negotiations between MDAs and MOF	March-April
Finalisation of Budget with Parliamentary Committees	May
Presentation of Plan and Budget to Parliament	Mid-June
Discussion in Parliament of Sectoral Budgets	End-June to early August
Finance/Appropriations Act passed	August

*Local Government, Fiscal Year 1<sup>st</sup> January to 31<sup>st</sup> December*

Participatory planning of development budget	June-August
Confirmation of central grant allocations by sector for central government fiscal year	August-September
Issue of budget guidelines from PORALG	August-September
Plan and budget proposal submitted to regional secretariat for verification of adherence to national policies	October
Finalisation of budget and approval by the Council	November-December

The Budget Guidelines are prepared by a committee chaired by the President's Office Planning and Privatisation (POPP) and co-chaired by MOF. It draws its other members from the Policy Analysis and Budget Departments of MOF as well as from CSD, PORALG and PMO i.e. it includes administrative heads from the core resource managing MDAs. The draft Guidelines are submitted to the Inter-Ministerial Technical Committee (IMTC) comprising all Permanent Secretaries for approval. Eventually the Guidelines are submitted to the cabinet for approval, but this tends to take place very late in the cycle. For the FY03 budget formulation, the Guidelines were approved by the Cabinet in April 2002, i.e. at a point where all MDA budget proposals were virtually completed.

Considering that the budget is the government's main tool for policy implementation, it is unfortunate that the political level enters into the process only at that very late stage and leaves the strategic decisions on expenditure allocations to the administration. It confirms the observation by Caulfield (2002) that the bureaucratic management prefers to report upwards within the hierarchy through the Chief Secretary to the President, rather than working with their respective ministers who would then, through the Cabinet, interact with the President.

The allocations made to MDAs and local government in the Guidelines are related to the sectoral 'requirements' presented by the sector institutions. For the PRS priority sectors the Committee hold individual discussions on these estimates. There are no uniform standards or guidelines on how such requirements should be estimated. For sectors having SWAps, it is evident that budget estimates and related targets emanate from the sector development programmes. The sectors without SWAps rely entirely on costing exercises done in connection with sector studies (of varying quality) undertaken as part of the annual PER exercise. The non-PRS sectors do not have similar costing exercises, so allocations are incremental on the basis of the previous year's estimates and actual implementation.

## 4.2 Performance budgeting

Performance budgeting has been gradually introduced since 1998, starting with the PRS related MDAs, which are by now all covered by this budgeting approach. The Public Finance Act 2001 (URT April 2001) has made performance budgeting a legal requirement as the law states that the Minister for Finance must submit to Parliament a budget estimates that include

'for each vote a statement of classes of outputs expected .... and the performance criteria to be met in providing those outputs' (Article 18.1(b)).

Though in principle this approach is adhered to the implementation of performance budgeting is facing some limitations.

A matter of concern is the limited proportion of the expenditure budget that is effectively subject to performance budgeting. It is only the non-salary component (OC) of the recurrent budget plus the locally funded part of the development budget, which are budgeted by the individual MDAs during the annual budget preparation process.<sup>9</sup>

The Budget Guidelines take the PE allocation as a given, based on existing staff complements as approved by CSD within an overall wage bill target relative to GDP (most recently 4.5%). MDAs have to apply to CSD for each proposed new position, which CSD will assess on merit and possibly grant its approval. It is not possible for a MDA (or a local authority) to reallocate funds between PE and OC within its budgetary allocations.

The Development component of the budget is for 90% funded by donors under individual projects and in a few cases in terms of basket funded projects. Budgets for the projects are formulated outside the annual budget cycle under arrangements agreed between donors and executing institutions. In most cases, the donors also exercise substantial control over the procurement and disbursement functions of the projects.

The annual action plans and the related performance budgets under the MTEF approach, therefore, have to take personnel and development project activities as given and allocate the OC funds and

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<sup>9</sup> The Budget Structure is described in more detail in Annex 5.

the locally funded part of the development estimates with these constraints in mind. This seriously reduces the value of the performance budgeting approach, as only about 20% of the expenditure envelope for the PRS priority sector are subject to performance budgeting. The sectors that have operational SWaps (health and primary education) possess a tool that combines all elements of the budget and relates them to sector output targets and action plans.

### **4.3 Assessment of the MTEF process and coherence with the PRS**

The MTEF process was introduced under an initiative from the World Bank led<sup>10</sup> Public Expenditure Reviews, conducted since 1995/96. It now covers all PRS related central government MDAs, whereas preparation is ongoing for eventually introducing it at LGA level.

The MTEF is a process that forces planners to prepare plans and budget in a three year perspective. It has been combined with performance budgeting and in principle constitutes the basis for budgeting for all central government MDAs.

The study team noted two weaknesses of the MTEF process.

Firstly, there is no final approved MTEF document at the end of the exercise. A series of MTEF documents are prepared during the project cycle, such as the Budget Guidelines (ref. above), the individual MTEFs presented by MDAs to the MOF and a Cross-Sector MTEF document presented to donors and the public during the annual PER Consultative Meeting in May. However, these documents are presented in different formats and, only the Budget Guidelines can claim to be an official document having been subjected to a formal government approval procedure.

Secondly, there is a relatively weak linkage between the Public Service Reform and the MTEF/Performance Budgeting approach. Only 14 MDAs have prepared their strategic and operational plans under the PSRP, whereas all about 40 MDAs are presenting their budget submission with Vision and Mission statements, objectives, targets and activities specified. Those MDAs that have not yet completed the PSRP planning stages have been assisted by the MOF Budget Division in defining the necessary inputs to the performance budgeting approach on the basis of earlier work under ARSIP.

Two recent studies have looked further into the functioning of the MTEF and its relation to the PRS process.

A report commissioned by the EU in relation to the PRBS<sup>11</sup> compared the development in budget allocations to the PRS priority sectors with the projections included in the PRSP. The report concluded inter alia that:

- The approved budget estimates for FY03 make allocations to the PRSP priority sectors and their priority items, which are substantially below PRSP projections for recurrent expenditure (even more so in terms of relative share of discretionary recurrent expenditure). The important enhancement of PRSP priority sector allocations that took place with the FY01 budget (during PRSP preparation) has not been continued. Rather, priority sector shares have remained constant from FY01 to FY03 and MTEF projections for FY03 to FY05 indicate that expenditure shares allocated to priority sectors are envisaged to remain at the current level.
- The Government has expanded the definition of priority sectors/items in its MTEF preparation (and PER analysis) with eight areas, in addition to those itemized in the PRSP. These additional

<sup>10</sup> Gradually being taken over by the MOF, but still very much coached by the World Bank.

<sup>11</sup> Ronsholt, F. September 2002

areas increase the allocation to priority sectors by 18%. However, these areas have not been included in the PRSP through an update. An exact definition of the additional areas in budgetary terms has not been presented and agreed, nor has a baseline for monitoring expenditure allocations been established.

- There can be several reasons for this. Most importantly, the PRSP was prepared under substantial time pressure in order to enable Tanzania to benefit from HIPC debt relief. The PRSP expenditure projections, therefore, were made on a shaky basis. Large parts of the analysis that was required to prepare well-prepared and fully costed programmes for poverty reduction were undertaken afterwards, and are to some extent still on-going (e.g. full costing of the Agricultural Sector Development Strategy is yet to be prepared and health sector programme are scheduled for re-costing).
- the Government considers the PRS as a dynamically evolving framework in its fight against poverty and has clearly rethought the coverage and budgetary definition of PRSP priority sectors, and of priority items for particular emphasis within the sectors. Major additional items (primarily for police and prisons) were thus introduced during subsequent MTEF preparation exercises. These changes have not been formally incorporated into the PRSP and agreed with donors. It would have been appropriate to have addressed this issue in the PRSP Progress Report for 2000/01, but this opportunity was missed, possibly because that report was also prepared under tight time pressure in order to reach HIPC Completion Point. Thus, the relevance of the PRSP to the budget preparation process has diminished. The PRSP Progress Report for 2000/01 (paragraph 109) emphasised the need for close coordination of the PER and PRSP updating and the Government's intention to accelerate such an update. At the preparation of the present report this has not yet happened.
- An important technical issue is the impact of development (project) expenditure on overall resource availability to individual sectors. Full incorporation of development expenditure in the PRSP expenditure estimates and subsequent annual budget formulation must necessarily be important for deciding recurrent expenditure allocations, when one considers that development projects often include expenditure of a recurrent nature and that development projects may benefit PRSP priority sectors more than other sectors. However, the Government is still struggling with data capture in order to achieve full recording of development project expenditure, which in spite of major improvements for FY03, still suffers from lack of sufficiently complete accounting information on actual outcomes and a reliable forecasting mechanism.

An recent assessment of the MTEF process was carried out for ODI in July 2002<sup>12</sup> and highlighted the following issues and recommendations:

- Preparation of the MTEF should be undertaken during the first half of the fiscal year leading to the approval by Cabinet of an MTEF document that would then be circulated together with the Budget Instructions. The MTEF exercise should include the preparation of expenditure strategies by inter-agency Sector Working Groups. Consideration should also be given to: (i) actively involve the Cabinet at the outset of the MTEF exercise in order to review budget strategies and choices; and (ii) submitting the MTEF to Parliament either prior to or with the presentation of the Budget.
- The term MTEF should no longer be used to refer to the preparation by MDAs and regions of their detailed budget proposals. The requirement for the presentation of detailed three-year forward budgets should be reviewed and consideration given to projecting allocations for the outer two years at the level of sub-vote or programme to reflect the strategic shifts in resource allocations identified in the sector MTEF. The indicative budget allocations for the outer two years (at sub-vote or programme level) should be included in the Budget Estimates in order to

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<sup>12</sup> A. Bird, August 2002.

emphasise that the annual budget is planned within the context of a wider medium-term expenditure plan.

- The analysis of expenditure priorities in the MTEF should be extended to cover all sectors and not just the priority areas identified in the PRSP. This should involve the establishment of Sector Working Groups for those sectors that are not currently covered by the MTEF.
- Sector MTEF submissions should contain sections analysing (i) staffing and payroll reform issues and their budgetary implications; and (ii) the appropriate balance between personnel, non-wage recurrent and development allocations within the overall sector resource ceiling.
- The MoF will need to back up its efforts to improve coverage of externally financed projects in the Budget with measures to: (i) ensure the recording within the government accounts of project expenditures incurred outside of Government financial procedures; (ii) apply the GFS economic classification to the development budget; and (iii) introduce a common programme classification to both recurrent and development budgets.
- The issue of resource allocation between the different levels of Government should initially be addressed through the proposed MTEF Sector Expenditure Strategies and through a review of the criteria for allocating subventions to individual local governments. These should also provide more detailed guidance to local governments on resource allocation and management consistent with the realisation of sector policies and strategies.
- Establishment of a local government MTEF process should only be attempted in the context of a wider set of measures to strengthen budget management and accountability, and is unlikely to be feasible at the present time.
- In order to eliminate inappropriate detail in budget preparation, facilitate budget implementation and reduce the need for virements, the Budget Estimates should be approved at a more aggregate level of the GFS economic classification.

#### **4.4 Budget execution**

The accounting officers in respect of each expenditure vote are responsible for control and accountable for the expenditure of money allocated to that vote by an Appropriations Act and for all revenues and other public moneys required, held or disposed of, by or on account of the department or service for which the vote provides. All accounting officers according to the Public Finance Act, 2001 (sect. 8) are appointed by name and office by the Paymaster General.

According to Public Finance Act 2001, accounting officers have no mandate to alter any funds allocated for specific activities or item in his vote. The only person that can approve virements within the vote is the Minister for Finance upon request by the respective accounting officers. The budget department in the Ministry of Finance compile all such virements and produce a statement of reallocation (reallocation warrant) that is then presented to the Parliament for their information.

The second level of virements is reallocation between Votes. The power to do reallocation between votes is vested in the Parliament. The Budget Department in the Ministry of Finance compiles all requests for funds from all votes and produce a statement of reallocation. However, by virtue of power vested in him by section (5) (1) of the Appropriation Act, 2002 (No.17 of 2002), the Minister of Finance authorises the reallocation of money between votes before presenting to the Parliament, while presenting for retroactive endorsement. The Minister for Finance therefore retains full control of the budgets execution, with very little discretion given to the heads of the executing MDAs and Parliament being informed or endorsing retroactively.

In order to further maintain fiscal control at the MDA level, the Government has introduced three main control elements, managed by the MOF by means of the Integrated Financial Management System (IFMS):

- a cash budget management system ensures that releases of funds to MDAs are made quarterly (for priority sectors) and monthly (for others) in line with actual domestic and external resources mobilised, so that estimated fiscal balances and macro-economic stability are maintained
- expenditure commit control with local purchase orders are produced from the IFMS on the basis of available balances of funds with the issuing MDA within the relevant budget items
- a Central Payment System has been established as a component of the IFMS. Control of unauthorized expenditures is done by means of the issue of cheques exclusively from this payment system following checking of availability of funds and payment details by the Accountant General's office.

These measures have led to budget execution records improving significantly in recent years. There are still major variations between the budget estimates and actual expenditure. The PER Report for FY01 (World Bank, January 2002) analyses recurrent expenditure outturns for FY00 and concludes that votes for the economic and productive sectors underspent significantly, whereas social sectors and administration spent more than originally budgeted (allowed by virements). Ronsholt (September 2002) concluded for FY02 that

‘the Government has implemented the budget for FY02 in line with its commitments to protection of the PRSP priority sector allocations in spite of external budget support falling significantly below budget estimates’.

The Government is in other words fulfilling its commitment to protect PRS related expenditure while letting resource shortages during execution be absorbed by the non-priority sectors.

## Chapter 5: Targets and Indicators of Performance and Results

### 5.1 Process of formulating targets and indicators

The need to identify indicators to enable assessment of progress in reaching poverty reduction goals was clearly seen after the development of the National Poverty Eradication Strategy (VPO June 1998), which led to the compilation of the Poverty and Welfare Monitoring Indicators (VPO November 1999).

Through a consultative process, a separate initiative to establish a national database under the leadership of the National Bureau of Statistics, known as the Tanzania Socio-Economic Database (TSED). It was conceived to provide user-friendly information on a range of socio-economic indicators. The list in the Poverty and Welfare Monitoring Indicators booklet formed a poverty module is one of the core modules of the TSED.

PRS indicators as they appear in the PRSP document have been generated through an extensive consultative process, but with national orientation. The government formed a technical committee that drew representatives from all key ministries and coordinated by the Vice President's Office, with the responsibility to produce the interim and final PRSPs. The Committee organized Zonal and National Workshops. The latter were intended to solicit views from the grassroots stakeholders. The seven Zonal Workshops were held and covered all regions in Mainland Tanzania. The stakeholders included district representatives comprising of villagers, councillors, DEDs, NGO and other representatives for the civil society etc. Women were also given an ample chance to air their views. A national workshop was held comprising of 25 participants hailing from the government, donor communities, multilateral institutions, private sector organizations, NGOs, the public media and the informal sectors. Besides the Workshops, consultations were held with influential players in policy decision-making, including the Members of Parliament, the Donor Community and the Cabinet etc. (URT October 2000 pp. 45-47).

The addition of extra indicators through the Poverty Monitoring Master Plan (VPO December 2001) was not subject to a rigorous consultative process. For one thing the PMMP was intended to complete the process of designing a monitoring and evaluation strategy that could not be finished during the preparation of the PRSP (VPO December 2001, p.2).

To prepare the PMMP, some technical working groups were formed. The development of the extra indicators is summarized in the following paragraph:

‘during the drafting of the PMMP, discussions on indicators were held in the technical working groups, particularly the surveys and census and the routine data groups. This resulted in some minor adjustments in the PRSP indicators and some additional indicators, which were felt to be crucial for the assessment of progress under the PRSP. Additions were made, for example, on employment and on extreme vulnerability’ (VPO December 2001, p. 7).

The LGRP has also been working on the PRSP indicators with the aim of producing a list of workable indicators, which has been generated through the following consultative process:

- A consultant was appointed to prepare a draft list of sub-indicators.
- Thereafter the list was presented to stakeholders with participants drawn from local government sector, civil society, NGOs, donor community and all other interested parties.
- The consensus was reached between the stakeholders and the LGRP on the indicators to be used.

## 5.2 Nature of targets and indicators

The first major initiative to prepare the indicators for monitoring poverty in the country took place in 1999, referred to as the Poverty and Welfare Monitoring Indicators (PWMI). Through this initiative a list of 75 indicators in 14 sectors was drawn. At this stage there was minimum inclusion of issues of baseline data and targets. Only a few impact-related targets were highlighted. For example, it is mentioned that population literacy should reach 90% by 2010; primary education for all by 2010; and enrolment rise by 60% by 2025. The list of sector indicators and the number for each sector is presented in Annex 6.

The PRSP, while focusing on the identified sectors for immediate implementation, referred back to the list of 75 indicators and selected those relevant to the PRS priority sectors. The selection was cautious of the limited capacity in the country in that only a few 'core' strategic indicators were selected, and these were thought to be implementable within the budgetary and technical/institutional constraints apparent at that time. Primarily, the capacity to undertake data collection, analyse, report and meaningfully use the information in a timely manner, significantly influenced the selection of the indicators. Other factors considered included the issue of baseline data i.e. whether it existed or would be available soon, or it would give measurable results within a space of three years. The indicators selected for the PRSP, which add up to 52,<sup>13</sup> are summarized in Annex 6.

After the launching of the PRSP, some further work was done on the indicators in the year 2001, the outcome of which was included in the PMMP and elaborated the list of indicators to be covered under PRSP. The new list of indicators adds up to 39, a decrease of 13 indicators from the PRSP list. Besides, there was a re-prioritising of the indicators. A comparison of the PRSP list with the PMMP list in Annex 6 indicates that the new set of indicators has de-emphasized certain sub-sector indicators such as empowering and participation, macro-economic stabilization, income and production etc. At the same time more weight has been placed on sectors such as education, health, nutrition and safety nets (vulnerability) etc. The list of indicators directly expressing development in the seven PRSP priority sectors has increased from 10 to 23.

The LGRP has gone a step further to disaggregate the main indicator into a workable list of sub-indicators. No doubt, the LGRP's role in this process is critical in view of the fact that the decentralization of government activities to local authorities imply that most of the poverty eradication activities will be done by the latter, and hence their pivotal role in ensuring that the routine data is collected, processed and used rationally in identifying and putting in place appropriate interventions at that level. The list is summarized further in Annex 6 col. 5. In the case of sub-indicators determined by the LGRP, the targets are less precise for some of the indicators, because some baseline data does not exist.

Coordination of indicator definitions and coherence between different institutions, management levels and processes is still far from perfect. Annex 9 illustrates for the Judiciary how the use of indicators and targets have been shifting within the PRS and MTEF processes during the last two years. On the basis of this (in terms of indicators, rather simple) sector, one may conclude that

- The number of targets is increasing but it is not clear through what process the revised and expanded targets are set.
- Reported PRS progress does not always correspond to the targets set, omits certain targets and use varying measurement/indicators of a target.

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<sup>13</sup> The indicators which have been listed here for education and health have been picked from the PRSP log frame. Some of the indicators are more of targets than they are true indicators. Perhaps the list of indicators which was shown in the text which added up to 4 for education and 2 for health carry a proper definition of an indicator. Hence the big number of indicators.

- Targets and indicators set under MTEF and PRS processes deviate (including two MTEF targets set to accommodate budget lines which are in reality not performance based).
- The level of aggregation of targets/indicators vary.
- Overall, therefore, it becomes difficult to monitor progress towards targets

### *Baseline data and targets set for the indicators*

The PWMI did little to identify baseline data for the various indicators. Only a limited number of indicators were identified. At this stage of setting the indicators it is clear that the main task was to draw the list and leave the rest to those who would be the users to establish baselines and targets. A more detailed analysis is presented in Annex 7 where the indicators are listed.

As far as PRSP indicators are concerned, some efforts have been made to identify some baseline data. As can be seen from Annex 7a, the indicators for the education sector have some reference points and future targets. The Ministry of Education has for a long time had a system of keeping statistic records for the primary and secondary education sub-sectors. What is not clear is how the reference points were determined and whether they relate to one period or multi-year averages.

In the case of LGRP, the expanded list of indicators would certainly require new baseline data to be established. Some of the indicators will require elaborate methodology, which will render data collection beyond the capacity of most LGAs (e.g. road access and travel time). Consequently, the collection will have to be arranged through centrally organized surveys, presumably periodically rather than annually.

Targets exist for most of the PRSP indicators (with update through PMMP). Most of the indicators are of outcome or impact nature, implying that they are measurable only in the medium or long-term. They have to be derived from a combination of several indicators, particularly at output and input levels. The task of identifying the lower level indicators (output and input) rests with the implementing agents, mostly the MDAs, and should be addressed in connection with strategic and operational planning as part of the ongoing introduction of the Performance Management System.

For the MDAs whose indicators have been studied in depth, mainly education and health sectors which are presented in Annex 7, it is only education that has indicators that have been consistently translated into output and input indicators, thus facilitating easy implementation and realization of the set targets. In this case the PRSP indicators are captured very well in the Primary Education Development Plan (PEDP).

Worth noting is the division in responsibility between the Ministry of Education and Culture and the local authorities in overseeing and managing the activities of primary schools. Local authorities are responsible for managing the schools while the Ministry is responsible for policy matters, monitoring and inspection. The Ministry's strategic plan, therefore, does not capture most of the indicators that cater for the primary education, except for monitoring, inspection and adult education (for those delayed in getting into primary school). Although the local authorities are responsible for executing primary education functions, they are yet to start preparing their strategic plans and action/operating plans which would indicate clearly how they intend to execute the PRSP strategic objectives. This dilemma of divided authority is also apparent in the Ministry of Education's MTEF. The latter deals with the functions executed by the Ministry and excludes education functions at local authorities level, whereas the local authorities are yet to start preparing MTEFs, partly because of the delays in installing the reforms, partly for lack of capacity. Therefore, the education targets are driven by the PEDP at national level.

Outcome and impact PRSP indicators in the health sector are more difficult to translate and disaggregate into workable indicators at ministry level. The MOH's development program preceded the PRSP and therefore does not refer to PRSP indicators. On the other hand, the MoH strategic plan cover adequately most of the PRSP strategic indicators. The strategic plan was prepared after the launching of the PRSP and therefore takes into consideration the requirements of the Programme. However, the translation of the outcome and impact indicators into easy to implement output and input indicators has been problematic. This problem is reflected in the PER for health (MOH April 2002: p. 49) for the period 2001 and 2002 where it is stated that the MTEF for the MOH does not show clearly how the PRSP objectives are to be addressed. Since resources are allocated through the MTEF, it is difficult to see how the PRSP targets will be achieved. The PER recounts the weaknesses inherent in the MTEF 2001/02 – 2003/04 by pointing out that

‘many of the problems identified above (in the PER 2001) are still apparent, particularly those relating to the confusion between the different levels of objectives, the lack of linkages to the PRSP targets...’

The specific PRSP targets were not mentioned in the eight objectives.

In the roads sector, specific annual targets have been relatively easy to determine, at least as far as road maintenance is concerned. The sector benefits in this respect from planning of outputs being very technically determined and being almost completely (save for natural disasters) under the control of implementers (see also Annex 3). The response from the beneficiaries is of minor importance in the short term, though it will affect the global long term impact of the sector on economic growth and its geographical distribution.

### **5.3 Acceptance and operational use of indicators and targets**

The MDAs and the local authorities are the ones to use the PRSP indicators. At MDA level, there is much more work to be done to come up with a list of output and input indicators consistent with the PRSP outcome and impact indicators into output indicators. This process is yet to start because, as noted for the MOEC and the MOH, the MTEFs have not reflected the PRSP indicators in sufficient details. Therefore, as they continue to install PMS, much more emphasis should be placed on the PRSP aspects, and at the same time link with efforts taking place in the LGRP to avoid duplication of the sub-indicators.

The situation in the local authorities is much more problematic because of lack of capacity to prepare own plans and MTEFs. This is considered critical because, under decentralization, most of the activities will be implemented by the local authorities and their funding is not channelled through any sector ministry. Without the local authority strategic plan and MTEF, such authorities will be relying on the annual plans and budgets to guide their activities thus running the risk of not focusing adequately on the intended outcomes and impact. As mentioned by Bird (Bird A. 2002) however, the LGAs do not possess the capacity required to prepare the rather sophisticated MTEFs at present.

## Chapter 6: Monitoring and Evaluation of Performance

In Tanzania the Poverty Monitoring System (PoMoS) tracks the trends in indicators in the PRS. The Poverty Monitoring Master Plan (PMMP) provides a plan to operationalise the system. Other tools to monitor and evaluate performance include:

- Service Delivery Surveys
- Annual Reports by Managers
- Independent Verifications

### 6.1 The Poverty Monitoring Master Plan

PoMoS was designed to track changes in poverty indicators which were identified through consultative processes conducted under different initiatives but which culminated in the PRS process.

At the head of the institutional framework is a Poverty Monitoring Steering Committee, which provides overall guidance to the system. The steering committee draws members from a wide range of stakeholders including key sectoral and central ministries, research and academic institutions, private sector, civil society organizations and external development partners. Reporting to the steering committee is the PRS Inter-ministerial Technical Committee, which was initially formed to coordinate drafting of the PRSP. The PRS Inter-Ministerial Technical Committee makes follow-up of the implementation of the PRS and coordinate preparation of the annual PRS progress reports. The steering committee as well as the PRS Technical Committee is supported by a Poverty Monitoring Secretariat led by the Director for Poverty Eradication in the Vice President's Office (VPO). The secretariat includes staff members from MOF, POPP and VPO and is responsible for ensuring efficient functioning of the poverty monitoring system as a whole.

The PMMP was adopted by the Government in November 2001. The steering committee and the four technical workings groups were established in May-June 2001.

The body of the system is made up of four Technical Working Groups, chaired by different institutions, each with a specialized task under the system. Just like the steering committee, the Technical Working Groups (TWGs) involve a wide range of stakeholders including Government ministries, private sector, research and academic institutions, civil society organizations and external development partners. The four TWGs report to the steering committee through PRS Inter-Ministerial Technical Committee. These TWGs are:

- A TWG on *Surveys and Census*, which coordinates the implementation of a multi-year survey programme, under the leadership of the National Bureau of Statistics. The TWG is fully operational and has effectively started to implement its 12 years work plan, which sequenced different national surveys to be carried out over the period 2000-2012. An analysis the 2000/01 Household Budget Survey (HBS) was finalized in 2002. The population census was carried out in August 2002. The results of the population census, combined with the HBS data, will provide a rich base for poverty mapping in Tanzania including regional diversity of poverty. The Survey and Census TWG has also started to plan for the agricultural survey which is scheduled in the year 2003.
- A TWG on *Routine Data Systems*, which is responsible for coordination of routine data sources to ensure that they produce timely and reliable estimates of poverty indicators. The group is led

by the PORALG. The TWG is not yet fully functional and delay in providing its expected outputs is becoming a major concern, as discussed further below.

- A TWG on **Research and Analysis**, which is responsible for coordination of research and analysis work programme to investigate the reasons behind poverty trends, assess questions of causality and impact and test the assumptions underlying the PRS. This group is coordinated by the POPP, with an NGO (REPOA) providing secretariat function. The Research and Analysis TWG is fully operational and has produced the first annual Poverty and Human Development Report which combines the results of the analysis of HBS 2000/01 and selected research studies and analysis to establish definite baselines for the PRS indicator on income poverty, human capability, survival and nutrition. It has also steered the Participatory Poverty Assessment process, which explored the nature and causes of vulnerability and the existing coping up mechanisms.
- A TWG on **Dissemination, Sensitization and Advocacy**, coordinated by the Poverty Eradication Division of the VPO. This group is responsible for coordination of a programme of work that will ensure that the key findings emerging from the poverty monitoring system will reach the appropriate stakeholders in the appropriate format. The TWG is fully functional.

The key outputs of the PoMoS include:

- An annual report on Poverty and Human Development Report.
- Reports on surveys, studies and analyses.
- Updates of TSED and the Tanzania Online document database.
- Policy briefings and specific topics.

These outputs inform the PRS process particularly in compiling the annual PRS progress reports.

The main problems in the PoMoS concerns the routine data system. The TWG on Routine Data Systems is supposed to coordinate (and provide the necessary linkages between) the different monitoring and evaluation systems, but is not fully operational. The focus of the group's planned activities is on capacity building of the key actors for effective operationalisation of the routine systems of data collection and analysis. Routine data is usually collected by MDAs using their own parallel systems of data collection and analysis, for example:

- PMO follows closely the implementation of national strategies and particularly the implementation status of the CCM Election Manifesto. These reports are compiled and reported to the Parliament by the Prime Minister during the budget session.
- MOF tracks revenue and expenditure under the PER/MTEF process;
- POPP monitors the performance of the national economy and produces the Annual Economic Surveys;
- CSD monitors performance of the public service.
- Sector ministries track inputs they receive, outputs produced and reports performance during the budget preparation process. They also prepare various performance reports that are occasionally required by the central ministries and the President.
- LGRP has developed a monitoring and evaluation system for the local government which is not yet operational. The M&E system for the local government is primarily aimed at tracking service delivery.

These different M&E systems are supposed to be linked under the coordination of the Routine Data System TWG. Most of the MDAs do not have established institutional monitoring systems apart from standard reporting requirements. Although routine data is currently being collected by sector ministries (particularly the Health and Education Ministries), it is done as a process of compiling

national statistics on delivery and access to basic social services. It is not done as a process of monitoring performance in view of a set of established performance targets and indicators.

The Routine Data TWG has identified weaknesses in the current set-up of collecting data through the administrative systems, the most important of which are:<sup>14</sup>

- Lack of coordination among the different functioning systems;
- Inconsistencies between data collected and the information required to support decision-making processes;
- Little use of the information at local level. Data and information pass through various levels of the administration, but are passed on rather than actively used for local planning;
- The information flow is essentially one way, particularly at community and ward levels, with data flowing up the hierarchy, while only very limited efforts are made to channel the information back down the hierarchy;
- As a result of low usage of the data at the local level and limited feedback, there is a lack of incentives for the staff involved to ensure the quality and timeliness of their returns for the routine data system.

Consequently, the routine data system is considered inappropriate and unreliable for PRS implementation monitoring.

The PORALG is supposed to coordinate the routine data collection which mainly originate from LGAs, but seems preoccupied with the Local Government Reform process and its monitoring and evaluation system. Therefore, concerted efforts are needed to build capacity in PORALG to enable effective coordination of the different Routine Data Systems. An Assistant Director for Institutional Development is supposed to be responsible for the collection and processing of data from the LGAs and the dissemination to other users within central government MDAs. The position has not been filled and it is reported that several proposed candidates have declined the offer.

The Routine Data System TWG faces major challenges both in the short term as well as in the medium term. In the short term the group and the whole poverty monitoring system in general needs to make clear to users, especially policy makers and politicians, what they can expect in terms of flow of monitoring output in the coming years, how best to access it and what is going to be the most useful and effective way to handle data.

Another major challenge is devising modalities of linking financial inputs under the ongoing PER/MTEF processes with the Poverty Monitoring System and particularly the PRS targets and indicators. In the medium term the major challenge will be on improving both the upward and downward flow of monitoring information at all Government levels. This is crucial if a culture of evidence based policy making is to take root. The emphasis has to be on making the local government M & E system and the MDAs' monitoring and evaluation systems functional.

## **6.2 Service delivery surveys**

Service Delivery Surveys were introduced under the Public Service Reform Programme for the central government and the Local Government Reform Programme for the reforming district councils. Some indicators were developed to measure the level of public satisfaction with delivery of public services. The intention was to use these service delivery surveys to determine weaknesses in delivery of public services and hence take measures to improve delivery.

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<sup>14</sup> VPO December 2001

For the central government pilot service delivery surveys were conducted in the Civil Service Department and in the Ministry of Water and Livestock Development. It has not been possible to carry out more surveys in the central government. Even the results of the pilot surveys have not been worked upon to devise measures for improvement of service delivery.

At the local government level, service delivery surveys have continued as part of the council restructuring process. In some districts the results of the surveys were taken into consideration in preparing their strategic plans. No evidence was observed on the further use of the SDS. Just like the situation at the central government level, service delivery surveys have basically remained one-time events.

### **6.3 Annual reports by managers**

Annual reports on the progress in achieving the physical targets of the budgeted activities, is done through the budget process annually (ref. chapter 4).

Reporting on physical implementation has been a feature of the Tanzania planning and budgeting system for many years. MDAs are required to prepare annual action plans, quarterly reports and annual reports on both recurrent and development budgets. It has, however, been noted that reporting tend to focus on the use of inputs at the activity level rather than on outputs at the programme level. Hence it has been recommended to review the current reporting procedures and requirements with the aim of making it more strategic in its focus, link it with realization of outputs and more closely integrated with financial reporting from the IFMS.<sup>15</sup> It has also been noted that progress reported often is inconsistent in format with the target set and the definition of the indicator.

The physical implementation reported in the annual reports by managers are also supposed to be scrutinized by the Budget Department of the Ministry of Finance. The experience, however, shows that more concentration is directed to the budget figures and not the physical outputs. Hence, the link between inputs and outputs is loosely done through the budget process.

Follow-up of physical implementation is also done through other processes including the annual reports to the Prime Minister on the status of implementation of the CCM Election Manifesto and annual progress reports to the President of the United Republic. In these reports the focus is on the activities carried out and outputs produced. The activities are then linked with the Government plans in implementing the national strategies, which in turn, are linked with the CCM Election Manifesto. The expenditure levels are usually not reported in these reports, but the LGAs have now been instructed to present their budget proposals for 2003 in a format following the CCM Manifesto.<sup>16</sup>

Managers at lower levels (outlet managers, LGA administrators, project managers etc) frequently pointed out that most reports are produced for the sole purpose of triggering release of funds. The only response they receive on reports submitted, is the release of funds for which the reports were seen as triggers. Generally no comments were received from supervisors on targets reached, management practices, constraints etc.

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<sup>15</sup> Bird A. 2002.

<sup>16</sup> PORALG August 2002 (2)

## 6.4 Independent verification

Independent verification of government financial operations and of effectiveness and efficiency in delivering results is covered by the Public Finance Act 2001<sup>17</sup> and its subsidiary legislation. It defines three levels of formal control of the operations of MDAs including

- the internal audit function within each MDA,
- the external audit by the Controller and Auditor General.

The Public Finance Act introduced as a new feature the provision of performance or value-for-money audit at all levels. Performance auditing addresses the question of efficiency in service delivery. It seeks to find out whether the services are delivered as expected to the public within the budgetary provisions agreed. The Treasury has established a technical audit unit (TAU) for the purpose of carrying out value-for-money and performance audit as an internal audit function. On the other hand the Controller and Auditor General is given power through the Public Finance Act, 2001 to carry out value-for-money audits.<sup>18</sup> Hence, the government is pursuing two approaches to monitoring efficiency and effectiveness in service delivery through addressing compliance to prudent budget management as well as the quality of such outputs/services. While a combination of internal and external audit of performance would be in line with normal audit practice, the issue is where to start the establishment of the requisite capacity. Neither of the two institutions have the required manpower and facilities to provide a comprehensive service in this respect, the TAU mainly staffed by engineers and focusing on major infrastructure projects, while the National Audit Office is lacking technical expertise beyond accounting and procurement. It is also questionable if the MOF has the necessary leverage to instil discipline in executing ministries (and their departments, and agencies) based on the findings of the TAU. The decision in this respect is yet to be taken.

Independent verification of performance will require that the routine data collection and processing systems operated by implementing MDAs be the subject of audit. The introduction of results-based management can lead to perverse incentives in case where performance of individuals and institutions is judged on the basis of data collected by the very same individuals and institutions. An example would be the indicator on primary school enrolment, where funds to schools (under the PEDP) are allocated on capitation basis. Both the schools and their supervising LGA officials would have strong financial incentives to inflate enrolment data, while their performance is based on the very same data. When school fees are no longer payable, there is no longer a financial input measure by which to countercheck enrolment data.

Independent evaluation is done in MDAs on ad-hoc basis often instigated by external development partners who insist on having independent evaluation of their projects and programmes conducted. There is no established procedural requirements for conducting independent evaluation of the performance of MDAs although there is now a growing demand for evaluation of the effectiveness of national, as well as sub-national, programmes.

## 6.5 Joint Government/Donor performance monitoring

Joint government/donor reviews are a standard feature of a donor supported SWAp. In Tanzania only the health sector among the PRS priority sectors has firmly established such reviews, whereas

<sup>17</sup> URT April 2001

<sup>18</sup> Article 31 (2) states ‘... the Controller and Auditor General shall ..... satisfy himself that .... (c) all expenditure of public monies has been properly authorised and applied to the purposes for which they were appropriated .... and (d) economy, efficiency and effectiveness have been achieved in the use of public moneys resources.’

the education sector is anticipating a first joint review of PEDP in 2003. The PRBS facility for general budget support also includes joint reviews to be undertaken semi-annually, but this focuses almost exclusively on intermediate indicators such as process indicators for the system of public finance management (see further in Chapter 7).

Joint annual reviews provide opportunity to the Government to review progress, develop new objectives and address constraints on performance in consultation with development partners and other stakeholders. The joint government/donor reviews are essentially joint performance monitoring that track progress towards the milestones that are agreed upon between the government and development partners, constraints encountered and the challenges ahead. Concerns, constraints and challenges are discussed with the aim of finding solutions that are acceptable to all parties. After protracted discussions, consensus is reached and future objectives, milestones and resources are agreed upon and followed up in the subsequent period. The participation in a joint review has in some cases involved a very large number of officials (about 300 in the last health sector review), which makes the process almost unmanageable. Some participants were concerned that the review tended to skip the more controversial issues (e.g. intra-sector allocations between primary health care and regional and national hospitals) in order to arrive at a consensus.

## Chapter 7: The Role of Donors and Aid Instruments

Donors are providing assistance through different aid instruments, viz. projects, sector-wide approaches and assistance programmes (SWAps) and general budget support.

Project support is traditionally a very results-oriented approach in which specific results are expected to be delivered by the implementing institution, within a strict timeframe on the basis of clearly specified resource contributions and with well specified monitoring and evaluation arrangements. Project support should therefore be ideal in promoting results-orientation in aid funded operations. The problems with the approach emerges due to the multitude of donors operating in the same or related/overlapping areas, each trying to impose on the government and its executing institutions their individual preferences for target setting, implementation modalities and monitoring arrangements. Conflicting objectives and operational policies in the same area develops and the government's already stretched administrative capacity becomes overburdened, if not confused. These have been very pronounced features of project aid to Tanzania, where the number of donor funded projects is in the order of 500.

General budget support are usually linked to certain conditionalities for release of individual tranches. Contrary to project aid, which specifies results to be achieved (ex-post), budget support offers funding on the basis of already demonstrating results (ex-ante). Budget support also avoids micro-management of operations by donors, as it uses the government systems and is often 'general' rather than 'earmarked' for particular expenditure items. However, the potential for overlap and conflicts (in ex-ante conditions) are as prevalent in budget support as in project support, when donors deal with the government on an individual basis rather than in unison through harmonised arrangements.

The introduction of SWAps has to some extent overcome many of these problems. In Tanzania, SWAps have been introduced in the health and primary education sectors starting in 1999 and 2001 respectively (a SWAp for agriculture is under preparation), while sector investment programmes has been tried in the road sector and for tax administration. Significant progress has been made in harmonising donor support through SWAps in both health and primary education, not least in agreeing on common targets and monitoring systems. A study of harmonisation of donor practices in Tanzania (Ronsholt, July 2002) shows that the government appreciates this development and finds that it has led to higher levels of government ownership, consistency in policy advice from donors and reduced administrative costs. SWAps using basket funding mechanisms (at least for a significant portion of the overall donor funding) have proven much more successful in this respect than (sub-) sector development programmes without basket funding arrangements, since the latter in periods of weak leadership on both government and donor sides tend to revert back to traditional project aid habits.

Major progress has also been made in provision of general budget support harmonisation with the establishment of the Poverty Reduction Budget Support (PRBS) facility financed by grants from ten donors and the on-going harmonisation of the PRBS with the World Bank's forthcoming Poverty Reduction Support Credit (PRSC). A common Performance Assessment Framework has been created for the PRBS in 2001 as a basis for judging the government's performance on critical measures, based on semi-annual reviews. Contrary to the SWAps, which cover individual service sectors, which are directly related to poverty related outputs and outcomes, the PRBS has been more concerned with macroeconomic management, budgetary expenditure allocation and execution as well as general public sector reforms and accountability criteria.

During November 2002 a revision of the Performance Assessment Framework took place, while at the same time incorporating the requirements for the PRSC in the framework. The Framework has been expanded to include actions aimed at income poverty reduction (agricultural and private sector development) as will include a set of economic and social outcome indicators, linked to the Millennium Development Goals, which will eventually be monitored jointly by Government and the donors as part of the annual reviews. As these indicators are chosen from the lists provided in the PMMP and will be reported on through the PRS Progress Report, they do not represent any new burdens on the Government but rather an institutional arrangement for joint government/donor monitoring. The purpose is to create a more direct accountability mechanism for PRS related budgets support in terms of annual monitoring of progress towards PRS targets.

At LGA level, direct project support is appreciated as long as the projects are discrete, do not intervene significantly in the overall planning and management of council responsibilities and involve limited reporting demands. Examples were found (Kilosa) of frustration with comprehensive donor support, which rendered the council seriously dependent on donor micro-management and particularly on the decisions taken by advisers recruited by the donor agency. Aid received through the SWAp channels in health and education appears to be highly appreciated by the LGAs, both by the civil servants and the councillors, in spite of the limited influence on the application of the funds at local level. The appreciation may stem not only from the significant amounts involved but also from a number of other factors, which include (i) the potential for drawing local political benefit from being seen by the public to deliver much needed improvements in essential services, (ii) limited risk for LGA officials of being held accountable for use of funds over which they have in reality very little say, and (iii) the freeing of locally generated resources for other sectors where the local politicians and officials may increase their political and administrative influence on the allocation decisions and implementation.

Overall, the impression is that SWAps offer the most appropriate means of linking aid disbursements to poverty reducing public service outputs. SWAps are generally appreciated by most stakeholders, including central and local government officials, politicians and donors.

## **Chapter 8: Institutional Factors Affecting Performance Management**

The process of planning, management, implementation monitoring and evaluation has been influenced by a number of institutional factors.

### **8.1 Factors with positive effects on performance management**

- The political support to the process is strong. The ruling party – CCM has translated its election manifesto into implementable action plans and has been involved in monitoring of such activities through periodic reports prepared by MDAs and the local government (all the councils). Since the Chairman of the Party is also the President of the Republic and the CCM Manifesto is reflected in the PRSP, it is quite clear that the top leadership is keen on seeing that the PRSP is implemented.
- The coordination at institutional level is strong. The Inter Ministerial Technical Committee (IMTC), which is chaired by the Chief Secretary (also the head of the Civil Service), has overall responsibility for overseeing the implementation. The members of this Committee are the Permanent Secretaries from all the ministries.
- Most of the performance management systems and requisites have been established and firmly institutionalized at the centre, though roll-out towards full coverage of public institutions still has a long way to go.

### **8.2 Factors with negative effect on performance management**

- Slow implementation of the LGRP due to lack of incentives for LGAs to effectively restructure their service organisations.
- Late release of funds by the centre, e.g. in the case of the Road Fund, affects performance of planned activities. For example, uncompleted road projects get destroyed or damaged during the rainy season.
- Disagreements between central and local government on what constitutes the priorities. The setting of priorities for activities to be implemented at the grassroots level is mostly done at the centre and therefore imposed on the outlets and the Councils, except for development projects. Examples are (i) central allocation of funds for road repairing when the local councils would opt for construction of new roads, and (ii) the centre ignoring that large areas of the municipalities are rural and not providing resources for services in agriculture, rural water supply etc.
- Late access to important government guidelines/policies hampers the planning process, with the consequence of recasting programs and plans several times. This was observed in the case of the councils visited. The councils get guidelines from either the PORALG or from sector ministries rather late in relation to submission deadlines for plans/budgets.
- Low revenue collection from own sources compared to budgets at the LGAs affects the implementation of plans. In most of the Councils, own sources contribute less than 30% of revenues (in some LGAs even less than 10%).
- The system with two groups of staff deployed at LGAs under different service conditions but performing the same tasks can be expected to create friction with negative effects for service

delivery. This system is likely to go through a long transition period. Staff recruited by central government may retain their status until they leave the service through natural attrition, while new staff is being recruited directly by the LGAs under the Local Government Service Regulation of 2000.

- Multiplicity of reports to be prepared at the Councils is a source of chaos and affects the quality of the reports. Valuable time is spent on preparing reports, identical or overlapping in contents, but using different formats as determined by the requesters. Hence the need to rationalize the reporting requirements.
- At outlets (schools etc) and council level where the implementation of the programs takes place, lack of capacity on planning and reporting is a major obstacle. As a result, there are problems in preparing the plans, and some delays in reporting. Consequently, the release of funds for implementation of programs is delayed. Some of the Councils have complained about serious delays in the flow of funds in some of the donor-directly funded projects due to non-acceptance of some of the plans, and the inadequacy in the reports prepared.
- Lack of monitoring and evaluation systems to complete the cycle of performance management. The CSD is yet to install a monitoring and evaluation system in the MDAs. This is one of its functions under the PSRP. A follow-up on the implementation of the plans prepared by the MDAs will be difficult when the M&E system is not in place. The same can be said of PORALG that is responsible for overseeing implementation of performance management by the Councils.
- Inadequate incentive systems for individual performance in most institutions delivering PRS related services.
- Potential for perverse institutional incentives where performance targets are directly related to fund allocations without independent data verification (e.g. primary school enrolment).

## **Chapter 9: Conclusions Regarding Research Hypotheses**

The conclusions below refer to the research hypotheses established by ODI as a basis for the country case studies, ref. section 1.2.

### **9.1 Adoption of performance targets relevant to poverty reduction**

A comprehensive set of indicators relevant to poverty reduction have been formulated as part of the PRSP and the subsequent and detailed Poverty Monitoring Master Plan (PMMP). These are mainly outcome and impact indicators. Reliable baselines are missing for many of the indicators. Timebound and quantitative targets are specified for some, but far from all, of the indicators. The number of indicators is relatively large and unevenly distributed among sectors. There are problems with consistency in definition between the indicators defined under the PMMP and those defined for the LGRP M&E system.

### **9.2 Formulation of medium term sectoral performance objectives**

Of the seven PRSP priority sectors, the health sector was the first to develop a comprehensive sectoral development programme with medium term targets, in 1999. The primary education sub-sector completed a similar plan in 2001, while work is still ongoing on the secondary and tertiary education sub-sectors. The agricultural sector is in the process of preparing a sector plan. So far a sector strategy has been approved, but the development programme and related medium term targets have not yet been finalized. None of the other four PRSP sectors (roads, water/sanitation, judiciary and HIV/AIDS) have yet developed such medium term plans.

At central level, most MDAs relevant to the PRSP priority sectors have developed strategic plans for their respective institutions (except Ministry of Works and TACAIDS). These plans have in most cases not yet been formally adopted under the PSRP (health being the exception), and the MDAs have therefore not gained access to the PSRP's Performance Improvement Fund. All ministries and departments have prepared MTEFs, while some important executive agencies operate on one year plans and budgets only (e.g. TANROADS). Out of the 113 LGAs to provide the core services related to the PRS, 36 LGAs have so far prepared strategic plans, whereas none have completed the medium term implementation plans. MTEFs have not yet been rolled out to LGAs, which are operating on annual plans/budgets only. MOF is training staff in selected LGAs in MTEF techniques, but the Guidelines for Preparation of Local Government Plans and Budget for 2003 do not require MTEF preparation. The Guidelines do include requirements for specifying budget estimates in relation to activities and outputs, but the breakdown format follows statements in the 2000 election manifesto of the ruling party (CCM) rather than the objectives and indicators defined in relation to PRSP and sector development programmes. Though the objectives and targets of these different sources are based on the same basic policies and are not dissimilar, they do indicate significant inconsistency in the planning and monitoring approach.

### **9.3 Appropriate allocation of resources to achieve results**

At the time of preparing the PRSP in 1999 and 2000, costing of priority sector programmes had not been undertaken. Costing is being carried out, sector by sector, in relation to the annual PER exercises. Several sector programmes have been comprehensively costed, while other sectors are yet to be covered (e.g. agriculture). It is often not clear how and on what basis financial

'requirements' referred to in MTEF have been calculated, except where a SWAp is in place. Likewise, the effect on targets from allocating less than the 'requirements' is not clear. While more knowledge has now been gained on programme costs, adjustment of targets in line with available resources has not yet been completed. Further steps on target and resource allocation adjustments are expected in connection with the 2<sup>nd</sup> annual PRS Progress Report [under preparation December 2002]. There is still some way to go, therefore, before expenditure allocations and PRS targets can be expected to become consistent.

#### **9.4 Impact of macroeconomic stabilisation and aggregate fiscal control**

Macroeconomic stability and aggregate fiscal control was in large part achieved prior to the formulation of the PRSP and further improvements have been implemented in subsequent years (e.g. on control of unfunded expenditure commitments leading to budgetary arrears). This has formed a foundation for all costing and expenditure projections for PRS implementation. Some discussions on the advisability of running a limited budget deficit have taken place in connection with PER and budget framework preparation, but the Government has (with support from IMF) maintained its commitment to budgetary balance after grants and concessionary development funding.

In the case of resource shortfalls during budget execution, the experience from FY02<sup>19</sup> shows that the Government is by and large protecting the resource allocations to the PRS priority sectors, in line with agreements with donors offering budget support on the basis of the PRSP. Non-priority sectors had to take the cuts in allocations so that the fiscal balance could be maintained. The revenue shortfalls originated from donor financed budget support<sup>20</sup> falling below estimates (domestic revenue was 3% above estimates). Since this external revenue was partly being targeted at PRS expenditure enhancement the decision to cut other sectors than the PRS priority ones indicates a high level of government commitment to the PRS objectives.

#### **9.5 Consistency between poverty reduction strategy and operational sector policies**

Generally there is broad consistency between the PRS and operational sector policies. This is particularly true for primary education and health where SWAps are operational. In the agricultural sector, the Agricultural Sector Development Strategy of 2001 (ASDS) was clearly in line with the PRSP, whereas the first draft of the Agricultural Sector Development Programme (March 2002) contained a number of initiatives in direct conflict with the PRSP and ASDS statements. Both Ministry of Finance and the donors in the agricultural sector rejected this draft which has since then been under revision, but not yet completed

The significance of the consistency is hard to measure. The government actions listed in the PRSP, with the intention of leading to concrete outputs and outcomes, are formulated in very vague terms such 'promote', 'provide', 'strengthen', 'increase' and 'redirect' without specifying quantitative and other measurable targets and generally without deadlines. For the most part, therefore, it is very difficult to assess what level of action was intended and whether targets are being met. Only the general direction of activities can be tested.

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<sup>19</sup> The fiscal year for central government is 1st July to 30th June.

<sup>20</sup> Release of DFID and World Bank (PSAC) tranches being postponed due to conditionality concerns.

Several sectoral actions refer to increased expenditure allocations, and the PRSP presented specific projections for the magnitude of such intended allocation increases for a three year period FY01-FY03. Over the past three years such allocations have indeed increased in absolute terms, but most of this increase took place during the year for which budget estimates were being prepared while the PRSP was under formulation i.e. the budget year FY01. The increase in allocations to priority sectors and the priority sub-sectors (or budget items) within these sectors were important both in absolute figures and in percentage of total financial resources available (after deduction of debt service and pension obligations). Since FY01, however, relative allocations to the priority sectors (as a group) has stagnated and the cross-sectoral MTEF for the period FY03 to FY05 indicates that no change in this pattern is foreseen. Considering the progress on costing of PRS relevant sector programmes and the effort to fully capture development (project) funding in budget estimates and sectoral resource envelopes, there is an urgent need to update PRS allocation projections and to present them in an improved format that will be facilitate monitoring.

Application of user charges for services is a common feature in most PRS priority sectors. The PRSP made specific reference to changes in user charge policy only in one case, being abolition of primary education fees.

The school fees for primary schools (previously 5000 TZS or about 5 USD p.a.) were abolished with the start of the new school year as from January 2002, but maybe more importantly, the government has de-emphasised the need for wearing of school uniform (an investment of TZS 30,000 per child) though formally the requirement remains. Combined with a major enrolment campaign, the enrolment in grade one this year has more than doubled compared to 2001. General and sector specific budget support from donors has been channelled via the budget into a system of capitation grants to compensate schools for the loss of revenue from school fees and into a system for part-financing of classroom construction.

Cost sharing has been maintained in the health sector (no change foreseen in the PRSP) on the basis of a fixed consultation fee including contribution to drug costs or through Community Health Funds. The individual councils have been free to choose when to introduce such cost sharing schemes at health centres and dispensaries, but they are consistently applied at hospital level. Anecdotal evidence (news media) indicates that these fees are seen as significant obstacles to access. E.g. a fee of TZS 500 for a trained birth attendant very often leads to the choice of a traditional birth attendant. However, the time required to access formal health system services both for the patient and for the relatives may be an equally important factor.

User fees for roads are built into the fuel price through a surcharge, which appears generally accepted. The surcharge is ring-fenced for use in road maintenance. The fee would be more than offset by reduced vehicle operation costs, if the revenue thus obtained is spent efficiently and effectively on maintenance. The latter should be assured by the output based planning and budgeting system, which is well developed and rolled out at all institutional levels.

## **9.6 Involvement of front-line service providers**

National targets (where they have been clearly and completely stated) have not been translated into local level targets, adjusted to the local situation (at LGA level and subsequently at primary service outlet level such as school, hospital, health clinic, agricultural extension officer etc.). As the current level of a chosen PRS indicator will deviate from the average in most LGAs, the knowledge of a national target only does not provide much guidance to the individual LGA on the target being expected in that locality (not to mention service facility outreach areas) in order to contribute to

achievement of the national target. E.g. if the national target for gross enrolment in primary schools is 85%, it is not clear what is expected of an LGA which has already reached that level.

## **9.7 Introduction of performance auditing**

The Treasury has established a technical audit unit (TAU) for the purpose of carrying out value-for-money and performance audit as an internal audit function. On the other hand the Controller and Auditor General is given power through the Public Finance Act, 2001 (URT April 2001) to carry out value-for-money audits. Hence, the government is pursuing two approaches to monitoring efficiency and effectiveness in service delivery through addressing compliance to prudent budget management as well as the quality of such outputs/services. While a combination of internal and external audit of performance would be in line with normal audit practice, the issue is where to start the establishment of the requisite capacity. Neither of the two institutions have the required manpower and facilities to provide a comprehensive service in this respect, the TAU mainly staffed by engineers and focusing on major infrastructure projects, while the National Audit Office is lacking technical expertise beyond accounting and procurement. It is also questionable if the MOF has the necessary leverage to instil discipline in executing ministries (and their departments, and agencies) based on the findings of the TAU.

## **9.8 Political and parliamentary scrutiny and accountability for actual performance**

According to Mukandala and Shelukindo, quoted by Caulfield (2002),

‘A long-standing mutual distrust between ministers and senior public servants continues, exacerbated in recent times by the donor community which prefers negotiating with fellow technocrats in the bureaucracy than with politicians. Departmental Permanent Secretaries see their primary reporting relationship to be to the most senior civil servant – the Chief Secretary – rather than to their Minister. It is the Chief Secretary, through the President, who is the conduit to the political executive.’

Under such circumstances, the political scrutiny of the ordinary departmental operations becomes very limited.

During the annual budget session of the National Assembly, a number of Parliamentary Committees scrutinizes the ministerial plans and budget proposals and review reports on ministerial performance of the past year. Most questions asked in relation to physical outputs in these Committees relate to the plans for and timely execution of activities of a local nature, such as development projects to be completed in the constituencies of the querying parliamentary members, rather than to the overall performance of the government activities and services.

Boex and Rutasitara (2002), conclude that transfers of grants from the Central Government to the LGAs are currently allocated and accounted for in a discretionary, non-transparent manner. It is impossible to hold local government officials (whether they are elected councillors or civil servants) accountable (upwards or downwards) in such a non-transparent system of resource allocation. In those cases where resource allocation is transparently done in connection with SWAp funding, the transfers may be earmarked to such an extent that the LGA has virtually no say in their utilization and again cannot be held accountable for the results (ref. the capitation grants under the PEDP). In that case accountability bypasses the LGAs and become directly placed with community institutions, such as primary school management committees.

## **9.9 Effective monitoring of implementation and outputs of poverty related expenditure programmes**

The routine data collection system, which forms a part of the Poverty Monitoring System, is operated mainly by the local authorities and partly by sector ministries or through the President's Office (Regional Administration and Local Government). The system is still fragmented, lacking capacity and data discipline as well as a common interface for easy access. Under the Poverty Monitoring Master Plan a working group was established in late 2001 for improvement of the routine data system. Little progress has been made by this group to date.

The routine data system is expected to be the main source of information for monitoring service outputs, with information on a regular basis with annual updates (as the minimum).

Considering the weakness of the routine data system and the lack of comprehensive performance auditing mechanisms, one can conclude that effective monitoring is seriously lacking.

## **Chapter 10: Priorities for Improving Performance Budgeting and Management**

The findings of the country case study indicate that priorities for improvement in PRS related performance planning, budgeting and management should include the following actions:

- Expand the coverage of SWApS to all PRS priority sectors and their sub-sectors;
- Improve coherence between the PRS and sector development programmes on the one hand and the strategic and operational planning process at institutional level on the other hand, to ensure consistency in objectives, targets, activities and indicators;
- Expand MTEF coverage to gradually integrating personnel requirements and costs into the budgeting process as well as donor funded project activities;
- Strengthen responsibility for service delivery plans at the local government level by establishing objective and transparent criteria for allocations to LGAs e.g. based on expected general service standards, service cost related district characteristics and assessment of the individual base for local revenue collection;
- Improve the routine data collection system in order to generate annual reports on progress in service output and outcomes for a broad range of poverty relevant indicators.
- Strengthen the application of the SASE incentive scheme, by extending coverage of the scheme, while simultaneously removing all other ad hoc incentive schemes, which may overlap or create perverse incentives.

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## **Annex 1: Component of Public Service Reform Programme**

### **PSRP Components**

#### *1. Performance Management System (PMS)*

The Performance Improvement Model has the following stages:

- Strategic planning
- Annual planning and performance budgeting
- Evaluation of plans and budgets
- Execution of plans, and
- Monitoring, evaluation and reporting.

#### *2. Restructuring and Private Sector Participation (PSP)*

The objective of the Restructuring and Private Sector Participation Component is to redefine the roles of Government institutions in order to hive-off non-core functions, to reduce the scope of Government operations to an affordable level and to achieve efficiency and effectiveness in the delivery of public services.

##### *1. Executive Agencies Programme*

The Executive Agencies Project has been formulated to implement the Cabinet's decision to create and operationalise as 'Agencies' those Government organizations which can be operated at arms length from their Ministries (see further below).

##### *2. Management Information Systems (MIS) Component*

MIS component's prime objective is to ensure that effective computerized information systems are put in place to plan, manage and control the operations of the Public Service.

##### *4. Records Management Project*

As an integral part of the Public Service Reform Programme, the Records Management Project will improve the quality and availability of information within Tanzania Public Service by assisting the Government to develop efficient, effective and sustainable paper based records systems within central ministries.

##### *5. Leadership and Management Development Sub-Component*

This sub-component is geared to transforming the culture of the public service through leadership and management training, competence development and private sector facilitation interventions.

##### *6. Meritocracy Development Sub-Component*

The Meritocracy Sub-Component aims at strengthening human resource management and administrative capacity of the Government in terms of personnel policy implementation and to build Ministries/Departments capacity to carry out their specific roles, instituting personnel emoluments budgetary controls, and strengthening Government decision making processes in the areas related to recruitment, promotions, etc.

##### *7. Restoration of Ethical Conduct Sub-Component*

The main objective of this sub-component is to bring attitudinal changes for the purposes of improving service delivery through enhanced integrity and courtesy in the public service.

## 8. *Gender Sub-Component*

The Gender sub-component has the objectives: (i) to improve the situation of women within the Civil Service and (ii) to improve the Civil Service's response to gender issues as a means for wider socio-economic change in Tanzanian society.

### **Individual Incentives through the SASE Scheme**

The implementation of the PRSP will be done by the MDAs and the LGAs. The Performance Management System (PMS) overseen by the Civil Service Department is the main mechanism for ensuring that the MDAs implement in line with the approved strategic and action plans. On top of overseeing the organization-level performance, individual performance through the Individual Agreements will be monitored and assessed semi-annually. Individuals who are able to accomplish the set targets in their agreements will be rewarded with SASE payments while those who don't meet such targets will be denied SASE. The conditions under which SASE operate are summarized well in a CSD paper titled *Revisiting and Revising Tanzania's Medium-Term Pay Reform Strategy* (ref. Valentine, T.R. 2001).

SASE was introduced as medium term measure to address problems encountered in implementing the Medium Term Pay Reform {MTPR} (Valentine, p.45). The scheme was envisaged to be implemented as follows:

- The Government would adopt and adhere to a medium-term target pay structure, which covers the period FY01 through FY05.
- Donors would agree to provide the Government of Tanzania with budgetary support to supplement salaries of SASE-scheme funded positions i.e. donor support would allow the government to pay many of its core personnel FY05 salaries in the current fiscal year. The amount of the supplement in a particular fiscal year will be the difference between the target salary in FY05 and the basic salary for the given year. Actually the salary scales set under the MTPR for FY01 to FY05 are still being used. The supplement decreases year after year as the basic pay increases through the annual adjustments (Valentine, p. 41).

As part of PMS installation, the employees have to undergo an open performance review and appraisal system (OPRAS), where the individual's performance is measured and future targets agreed upon. OPRAS is replacing the old system where workers, at the end of the year, filled individual evaluation forms and their performance was reviewed confidentially or secretly. The main focus of the OPRAS scheme is to ensure that the broad institutional strategic objectives are broken down to the implementer (worker) level. The management has to specify the contributions that the personnel are expected to make in order to achieve planned outputs and targets. After each individual is assessed, he or she has to sign an agreement that shows clearly his/her work-plan for the ensuing period. It is this individual agreement that becomes the basis for paying the SASE. The Accounting Officer for the MDA (usually the Permanent Secretary) signs an individual agreement with CSD for implementing the overall plan for the MDA and decides whom among the MDA's staff are crucial to achievement of the MDA's objectives and, therefore, should be granted the SASE incentive.

The government adopted SASE scheme in February 2000. The scheme, which is formulated to cover a five year period, will be phased in, starting with a total of 11 MDAs before being extended throughout the public service. By its completion the scheme is envisaged to cover about 9,000 qualified skilled personnel (3.4% of the Tanzania civil service workforce). The rolling out of SASE

scheme has been slow reflecting the pace at which the installation of PMS is taking place. Many of the MDAs have not been able to complete the cycle of Performance Improvement Model.

There are a number of problems with the scheme.

- Whereas it was envisaged for the scheme to end in FY05 when the basic salaries would have caught up with the target salaries, the pace at which the basic salaries are being adjusted annually is not sufficient to reach that target. There is no adherence to the medium term salary levels proposed in the Medium Term Pay Reform Strategy (MTPRS).
- The delay in accessing SASE scheme by most of the MDAs. Only one institution (MOH) that delivers services to the general public is so far covered by SASE (863 staff, initiated in 2001). The other beneficiaries constitute the core MDAs for overall management of government operations (CSD started in 2000 with 77 staff, while MOF and POPP qualified in 2002). LGAs do not have access to SASE, since they are not covered by the PMS and the LGRP does not comprise an equivalent scheme.
- The evaluation of SASE recipients' performance is done twice a year. According to CSD, all those entitled to SASE, including Permanent Secretaries, fill on form (the OPRAS FORM). Both the MDA and the CSD assess the performance to decide whether the individual has been able to accomplish his/her targets. To date there is no case of a recipient being denied SASE for failure to meet set targets. The scheme may therefore motivate staff in general through higher pay, but not through a risk for the individual of losing the SASE bonus in case of dismal performance. This confirms the experience from other similar schemes.
- There is also a myriad of other pay enhancing schemes for civil servants in operation, generally through individual donor funded projects, including project secondments, topping-ups, task force honorarias, workshop allowance etc. Those schemes are totally uncoordinated with a high probability of overlaps with each other and with SASE, and confuse the intended incentive mechanisms.

It remains to be seen whether the new system of setting targets will open up the mindset of civil servants and allow them to behave more like managers, being more imaginative and innovative, rather than administrators guided by rules and regulations. The rules of the game do not appear to have changed. Government Order and regulations are still intact and therefore the freedom to go outside this frame is limited. Besides, the OPRAS is just being introduced in MDAs and the philosophy of PIM is yet to be appreciated, internalized and institutionalized.

## **Performance Management through Executive Agencies**

The Executive Agencies Programme has been formulated to implement the Cabinet's decision to create and operationalise as 'Agencies' those government organizations which can be operated at arms length from their Ministries. The agencies are therefore extra-ministerial organizations established to perform essential public functions that do not have to be carried out within the organizational structures, rules and regulations that govern a ministry.

The agencies have been created through an umbrella legal framework – the Executive Agencies Act 1997. The establishment of an agency is evidenced by the production of a framework document, which summarizes important issues on the institution's policies, operations and monitoring aspects.

The Executive Agency programme has been ongoing since the first Civil Service Reform Programme (1993-1998). It is also part of the current Public Service Reform Programme.

The Executive Agency Programme (EAP) Unit at CSD is charged with the responsibility to facilitate and oversee the formation of agencies in the MDAs. The MDAs themselves have the responsibility to identify activities that could be managed under the agency frame. The procedures to follow in identifying such activities are laid out in a handbook prepared by the EAP Unit. Each MDA has to form a focal point team (Change management team) to prepare for the formation of the executive agency.

The EAP Unit has to build the capacity for the MDA to prepare a proper proposal for the formation of the agency. To this end consultants have been used to assist the MDAs in building the necessary capacity through training, and secondly by assisting/facilitating them to prepare the proposals which include preparation of strategic plans and business plans. On top of this external facilitation, the Unit has assigned experts within the Unit who work with specific agencies during the proposal preparation stage and after the launching. The post launching support is an important component of the capacity building element.

Although the EAP Unit has its 'eyes' on these agencies, nevertheless, the responsibility to monitor their functioning lies principally with the MDAs themselves. There is no general framework for monitoring these agencies, and some concerns have been expressed sometimes on the abuse of powers by some of the MDAs, a point that is articulated in paper by Caulfield (2002). Given the mandate of CSD in co-ordinating the public reform program, the onus is still with the EAP Unit to establish an effective monitoring and evaluation system for these organs.

Since the inception of the programme under the Civil Service Reform Programme, twenty Agencies have been launched. These include among others, the following agencies relevant to the PRS priority sectors

National Irrigation Agency ( under Ministry of Agriculture and Food Security),  
 Government Chemist (under Ministry of Health),  
 Food and Drugs Agency (Ministry of Health),  
 Drilling and Dam Construction Agency (Ministry of Water and Livestock Dev),  
 Agency for Educational Management (Ministry of Education and Culture),  
 TANROADS (Ministry of Works).

Other activities undertaken by the EAP Unit include the following:<sup>21</sup>

- Conducting marketing and customer training for Executive Agencies;
- Conducting fixed asset tracking system and training for some Agencies;
- Conducting self assessment training for some Executive Agencies;
- Conducting project management training for some Agencies;
- Facilitating asset valuation exercise in the launched agencies
- Installation of Integrated Financial Management Systems in nine launched executive agencies.

Factors affecting implementation

- Late completion and submission for approval of the Framework Document resulted in postponement of the launch date for eight Executive Agencies; and
- Delayed recruitment and appointment of Chief Executives resulted in postponements of the launch date for eight Executive Agencies.<sup>22</sup>

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<sup>21</sup> This as reported in the 2001 Annual report on the implementation of the PSRP

## Performance Management under Outsourcing/Contracting Out

The Government in its efforts to improve performance in the public sector, among other initiatives, introduced a policy that allows the use of private sector in providing non-core public service activities. Therefore, it has prepared a programme under the Public Service Reform Programme to address the issue of outsourcing/ contracting out some of non-core functions. This is known as the Private Sector Participation (PSP) sub-component the benefits of which are seen to comprise of:<sup>23</sup>

- Harnessing the experience of the private sector to improve service delivery and achieve cost savings. It is acknowledged that the private sector is already a supplier to the government of a wide range of supplies and services and therefore PSP programme builds on this experience to generate many more opportunities for government to divest or contract out services.
- Shifting government focus from being a service provider of non-core services to a facilitator for service provision and thus allowing public servants to focus their attention much more on those activities which only government can do.
- Improving relationships between public and private sector so that both can work in partnership for mutual benefit and the general public good through sustained economic development.

Areas already earmarked as being non-core to the government include the following:

- i. Executive and clerical services
  - Fees/licence processing
  - Counter operations
  - Payroll
  - Grant administration
- ii. Professional services
  - Accounting and auditing
  - Consultancy
  - Training and research
  - Public relations
  - Treasury and fund management
- iii. Estate and building services
  - Gardening and landscaping
  - Building maintenance
  - Engineering services
  - Cleaning, securing and reception
- iv. Office services
  - Information technology
  - Typing/word processing
  - Messenger and postal services
  - Travel and transport
  - Conferences

The actual preparations for the programme started in year 2000, and to-date the Unit responsible for the execution of the programme has been able to accomplish the following:

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<sup>22</sup> According to the PSRP Annual report for 2001.

<sup>23</sup> According to PSRP Annual report for 2001

- Private Sector Participation Guide and Contract Managers Handbook prepared, discussed and endorsed by the Inter Ministerial Working Group of the Public Service Reform Programme.
- Twenty Regional Secretariats trained in PSP process for outsourcing services;
- Private Sector Participation implementation plan for the year 2001/02 produced;
- Private Sector Participation roll-out piloted at CSD and initiated at other four Ministries. At CSD, cleaning and maintenance services out-sourced.
- Private Sector Participation Project proposal for two hospitals of the Ministry of Health (Morogoro and Dodoma regional hospitals) submitted to the Danish Embassy for funding.
- Capacity building for MDA staff on PSP is ongoing.

The PSP Unit at CSD is supposed to create capacity at the MDAs and facilitate them to implement the programme. The Unit staff work with PSP teams formed in each MDA to execute the programme. The composition of the team includes desk officers from each of the department or directorate in the MDA. A MDA Management Group comprising of directors or heads of departments supervises the MDA team.

At MDA level, the planning for the private sector participation is a three-stage process:

- MDA undertakes a feasibility study to identify the non-core activities to be tendered to the private sector. Through this feasibility study, the MDA has to work out the costs involved in executing the functions to be tendered, which forms the basis for negotiating on the contracts with the successful private sector applicants.
- Preparation of tender documentation. This process involves following strictly the requirements of the Public Procurement Act of 2001, and its regulations. Under the Act, the levels of responsibility for awarding contracts have already been identified. Depending on the contract value, the contract awarding decision can be made either at MDA level i.e. using MDA tender Board, or at Central Tender Board level. The Act and PSP programme do not restrict the participation of public sector companies in tendering for jobs being offered by a MDA. Any interested party has to abide by the rules of the open tendering system.
- Management of the Contract. At this stage, the MDA has to ensure that the contractual obligations on both the MDA and the private sector supplier are achieved and sustained throughout the contract lifetime.

Since the piloting has only been done at CSD, there is no recorded experience of 'overseeing' or monitoring in the MDAs. However, the Unit is preparing a monitoring and evaluation framework that it will use to monitor the implementation of the programme in the MDAs.

## Annex 2: Status on Preparation of Performance Management by Sector and Organisation

PRSP Sector	SDP	PER	JSR	Ministry/Agency	SDS	SA	SP	AOP	AP	IA	CSC	MTEF	APR	EAR
Agriculture	strategy only	1		MAFS	1		1	1	1	1	1	1		1
				MCM	1		1	1	1	1	1	1	1	
Water		1		MWLD	1	1	1	1	1	1	1	1		1
Health	1	1	1	MOH	1		1	1	1	1	1	1		1
HIV/AIDS		1		PMO								1		1
Education	1 primary education only	1		MOEC	1		1	1	1	1	1	1		1
				(MSTHE)									1	
Judiciary		1		Judiciary	1		1	1	1	1	1	1		1
Roads		1		MOW								1		1
				TANROADS									1	1
Local Government	LGRP	1	1	PORALG			1	1	1	1	1	1		1
				LGAs (out of 114)	37		24					114 annual budget		114

SDP = sector development programme	AP = action plan
PER = Public Expenditure Review study	IA = individual agreements
JSR = joint annual government/donor sector review	CSC = client service charter
SDS = service delivery survey	MTEF = medium term expenditure framework FY03–FY05 (for Local Authorities the budget for 2002)
SA = self-assessment	APR = annual progress report in addition to information in the MTEF submission
SP = strategic plan for three years	EAR = external audit report (by the National Audit Office)
AOP = annual operational plan	

### Annex 3: Performance Management in the Roads Sector

'Roads (in the rural areas)' constitutes an expenditure priority for the Government's budget according to the PRSP. Funding of the sector comprise 'ring-fenced' funding from user charges through the semi-autonomous Road Fund (mainly the fuel levy paid as a fixed amount per litre of fuel but also other road user fees and levies) as well as budgetary allocations to the Ministry of Works for development projects.

#### Tanzania's Road Sector Budget for FY03

Shs billion	Maintenance	Development	Admin	Total
<b>Road Fund</b>	<b>57.6</b>	<b>6.5</b>	<b>0.4</b>	<b>64.5</b>
of which through TANROADS	40.4	4.6	-	45.0
through PO-RALG	17.2	1.9	0.2	19.3
<b>Ministry of Works</b>	-	<b>133.5<sup>24</sup></b>	<b>5.3</b>	<b>142.6</b>
of which through TANROADS		88.7	3.8	92.5

The largest part of the Government's domestic funded operations and of the recurrent funding for maintenance is administered by the Road Fund Board (RFB). Of the Road Fund proceeds, 70% are for the national trunk network and 30% for district, urban and feeder roads. Up to 10% may be used for development works, the rest shall be used for maintenance.

The RFB enters annual performance agreements with TANROADS for maintenance of the national trunk and regional road network and with PO-RALG for the district, urban and feeder roads maintenance works.

The performance agreements specify:

- performance targets in terms of length of road to be subjected to different types of maintenance and specific development projects;
- a detailed operational plan showing the work to be done on each named road section;
- the budget and its break-down by road section as well as supervision, administration costs and contingencies;
- anticipated monthly fund releases from RFB;
- policies to be applied in the selection and implementation of works to be carried out,<sup>25</sup>
- definition of indicators for performance.<sup>26</sup>

The operational plans are prepared by TANROADS and PO-RALG respectively, the latter based on proposals from the 113 LGAs which will implement the works. PO-RALG distributes the funds among the LGAs on the basis of a formula which for 85% of funds represent equal amounts to all LGAs. A further 7% of funds are earmarked for urban and town councils, whereas 7% are distributed according to population and length of road network. 1% is for PO-RALG administration.

Quarterly and annual reports on physical progress, utilization of funds and application of operational policies are submitted to the RFB. The RFB has engaged a consulting firm to make a technical audit of the implementation of the annual programme whereas the financial audit is undertaken by the National Audit Office as specified by law. The audit report is reviewed by the

<sup>24</sup> Of which Shs 99 billion funded as project aid from donors.

<sup>25</sup> Policies include inter alia (i) high priority and full maintenance to be given to roads in good condition (ii) employment of women and local personnel to be encouraged (iii) use of contractors to replace force account operations (iv) environmental and HIV/AIDS issues.

<sup>26</sup> In the case of PO-RALG 20 indicators are defined covering both technical standards of the roads (13 indicators) and compliance with planning and implementation policies (7).

Parliamentary Public Accounts Committee, whereas the annual report and the physical implementation is discussed by the Parliamentary Sector Committee for Infrastructure.

*Observations:*

The PRS Progress Report for 2001/02 suggests that only 65% of the physical targets were reached due to lack of funds. Since budget execution has been very much in line with the budgets, this could indicate that either the targets are unrealistically determined or that proper costing of targets is a major problem. The RFB suggests that much more work is required to arrive at consistent and realistic costing e.g. in terms of unit rates for different types of road works which are foreseen as part of the performance agreements but not yet developed.

It is also suggested that inadequate capacity at LGA level contributes to not reaching targets. About two thirds of LGAs do not employ qualified engineers for their engineering departments. Particular problems have been noted in respect of efficient procurement, and inadequate supervision (the latter partly caused by lack of operational vehicles). Political interference in the selection of roads to be maintained is a problem in some LGAs, leading to operational policies not being fully implemented.

The RFB disagrees with the formula used by PO-RALG for distribution among the LGAs. The current formula is very clearly in favour of the urban and town councils, e.g. Morogoro Municipality receives Shs 173 million for maintenance of a network of 69 km, whereas Morogoro District receives Shs 146 million for a network of 964 km. This is also in disagreement with the PRS which emphasizes the maintenance and development of rural roads. The RFB has developed an alternative formula, based mainly on length of road network (for 60% of funds), but this has not yet been adopted.

Parliamentary scrutiny seems to focus on financial accounting for the use of funds and on the inclusion and exclusion of specific road sections in the works programmes. Overall targets, funding levels and implementation strategies are hardly being discussed. For the FY04 budget preparation, the RFB has developed various scenarios of related income levels (tax and levy rates) and related work programmes for discussion with MOF.

## Annex 2: The LGRP Restructuring Process and its Implementation

Step	Description of Step	No. of LGAs completed <sup>27</sup>
1	Formation of Council Reform Team	37
2	Stakeholder Identification and Analysis	37
3	Data Collection, service delivery and stakeholder surveys	37
4	Data Analysis and Selection of candidates for outsourcing	37
5	Formulation of Vision, Mission and Objectives	36 (1 in progress)
6	Formulation of Strategies and Performance Indicators	37
7	Assess practicality of Strategies, Performance Indicators and Targets	37
8	Preparation of Strategy Document	24 (13 in progress)
9	Organisational Review	16 (21 in progress)
10	Implementation of Quick-Wins	37 in progress
11	Selecting preferred Organisational Option	0
12	Preparation of Implementation Plan	0
13	Approval of Implementation Plan	0
14	Design Human Resources Management System (job descriptions, staff audit and performance appraisal)	37
15	Integrate Implementation Plan into Annual Planning and Budgeting	0
16.a	Implement Human Resources Processes (recruitment, retrenchment and training programmes)	0
16.b	Implement Service Delivery Strategies	0
17	Monitoring Implementation	0

Sources: MRALG/LGRP March 2000 and PORALG August 2002.

<sup>27</sup> Dar es Salaam City Council is not included in the listing due to its status as an umbrella to the three municipal councils of Dar es Salaam.

## **Annex 5: Preparation Cycle and Structure of the Central Government Budget**

### **Preparation Cycle**

#### *Budget Guidelines and the Budget Cabinet Paper*

The budget process in Tanzania starts by preparing the budget guideline by the Budget Guidelines Committee. This Committee is chaired by the PS POPP and co-chaired by the PS MOF with membership drawn from the Policy Analysis and Budget Departments of the MOF as well as from CSD, PORALG and PMO. The budget frame in the medium term is prepared initially by the MoF. It is reviewed and adjusted in budget guidelines preparation process. The budget frame provides for allocation to votes including local government authorities (LGAs). However, there is no clear methodology at the centre for allocating resources to LGAs. The Budget Guidelines contain refined priority sector MTEFs as per most recent update, vote expenditure ceilings based on total envelope of revenue, and the procedures for preparation and submission of the draft budget to MoF.

The central government procedures require budget guidelines to be submitted to the Inter-ministerial Technical Committee for discussion and to the Cabinet for approval before they are distributed to MDAs and regional secretariats (RSs) for application. However, this has not been the case for several years now, instead, the draft guidelines have been distributed to MDAs and RSs in December/January, whereas the document is cleared by the Cabinet later. For example, budget guidelines for 2002/03 were distributed end December and received Cabinet approval in April 2002.

#### *Preparation of Budget Proposals*

On the basis of the Budget Guidelines the MDAs prepare their individual budget proposals in the MTEF format i.e. for the coming three years. The key activities that take place at this stage include:

- an Environmental Scan involving a thorough appraisal of the internal and external factors that impact upon the performance of the MDA. The analysis of the environment, in which the MDA operates, helps to identify key issues which ought to be addressed when formulating the mission statement and the strategic objectives so as to achieve the mission. At this stage also gender concerns are being considered aiming at obtaining a balanced perspective from men and women on different regional, district and sectoral issues especially in prioritising their needs to be met by the MDA (see also Box E-1).
- a Review of Institutional Perspectives covering a re-examination of the MDA's vision and mission statements, objectives, policies and strategies (ref. section 3.2 above). The underlying intention of this analysis is to ascertain validity and appropriateness of any of the factors mentioned above.
- a Budget Performance Review covering actual performance of revenue, expenditure and physical work done for the previous fiscal year. Performance of the current year to-date must also be assessed.
- Preparation of the annual budget estimates and estimates for the following two years of the MTEF including revenue, recurrent and development expenditure. This process involves setting of objectives, targets, activities, identifying inputs and their prices and costing for them for each year of the MTEF period.

Preparation of the draft budget proposals takes place at all levels of management, coordinated by a Budget Committee in each MDA with the Permanent Secretary as chairperson. Within the MDA it involves all units, divisions and departments to ensure correctness, relevance of the financial demands and ascertain adherence to the budget guidelines ceiling for the respective MDA in the medium term.

### **Gender Budgeting Initiative**

Although female-headed households are not necessarily poorer than male headed households (if spouses are absent in both cases), women perceive themselves as poorer owing to their vulnerability, the lack of asset ownership (including land and livestock) and more limited schooling.

The Government introduced a gender budgeting approach in its budget formulation process by looking at every step of the budgetary process with a gender perspective, beginning with the macro and sector policies to identify how they reflect on needs of different social groups. Establishment of equality and equity among the citizens is the basic requirement. i.e. to identify gender issues and address them through specified objectives and targets. The government budget is the main tool for implementing the commitment.

Gender budgeting was introduced in Tanzania for the first time in fiscal year 2000/01 after successful training of budget technicians from six Ministries. The Ministries included ministry of Education, Health, Water, Agriculture, Regional Administration and Ministry of Women and Community Development. The Ministries were required through the budget guidelines to mainstream gender concerns in their 2000/01 budgets. From fiscal year 2001/02, all MDAs were directed to take into account gender concerns in their budgets. Despite the efforts, no evaluation has been done to assess implementation of the directive.

### *Scrutinisation of estimates by MOF*

The refined Budget/MTEF proposals for all MDAs are then submitted to the Ministry of Finance's Budget Department for further review. At the MoF, scrutinisation and dialogue takes place to ascertain adherence of the budget estimates to the budget guidelines, and accuracy of the numbers.

### **Inter-Ministerial Technical Committee (IMTC)**

The IMTC reviews and endorses the budget proposals before they are finally approved by the Cabinet. To facilitate the discussions, the MoF prepares a draft cabinet budget paper that covers the budget frame, the financial demands after dialogue, the government priorities and implications. IMTC may require the MoF to make further technical improvements on the paper or put up recommendations for consideration by the Cabinet.

### **Cabinet Approval of the Estimates**

The Cabinet discusses and approves the paper submitted by MOF. The Cabinet approves the first year of MTEF for implementation, whereas the subsequent two years remain as indicative figures. The approved estimates will then be submitted to Parliament.

## Parliamentary Sector Committee

The process of obtaining parliamentary authorisation starts with the Sector Committee of the National Assembly. Two policy papers are submitted. The first one is on macro-policy and economic review by the POPP and the second one, by the MoF, highlights the coming budget priorities and past year's budget performance. MDAs' detailed budgets are then submitted to Parliamentary Sector Committees for scrutiny one by one. At the same time, the Committee scrutinizes actual expenditures as reported by the Controller and Auditor General (CAG). In principle this discussion should concern the previous fiscal year, but the audit reports are usually not completed within the stipulated 9 months of the end of the fiscal year. So the report reviewed in practice concerns the year ended some 22 months earlier.

## Public Debate and Authorisation

After the estimates have been reviewed by the Sector Committees of the Parliament, they are be tabled in the National Assembly for debate and authorisation (in mid June). The major events during parliamentary debate and authorisation are the following:

- Presentation of a public speech on macroeconomic performance and projections by the Minister for Planning and Privatization,
- Presentation of the Government Budget proposals by the Minister for Finance through a budget speech,
- Parliamentary debates/discussions on sector estimates submitted by each minister responsible,
- Parliamentary approval of budget estimates and passing of the Finance Bill that empowers the minister for Finance to raise the money and finance the budget.

## Budget Structure

The Tanzania government budgetframe is composed of three main categories namely, resources, expenditure and financing. Total resources are broken down into domestic revenue and external revenue. Total expenditure sum up recurrent as well as development expenditures. Financing encompasses borrowing from within the country and abroad. The budget and accounting system is cash based.

### *Government Revenue*

- **Domestic Revenues** mainly come from tax and non-tax domestic sources. Tax revenue accounts for most Government revenue, mainly from custom duty, VAT, and exercise duty whereas non-tax revenues are mainly collected from user charges and dividends.
- **Privatisation proceeds** is another source of government income although it is realised only occasionally.
- **Foreign resources** are funds that come in the form of grants and loans from multilateral institutions and bilateral countries. The funds support development projects (project grants and loans) as well as recurrent expenditures (programme aid or budget support).

### Government Expenditure

The expenditure budgets at both central, regional and local government levels are separated into Recurrent and Development.

## Recurrent Expenditure

Recurrent expenditure shows the expenses of running and managing the day-to-day operations of the government machinery. The key components of the recurrent budget are;

- Non-discretionary expenditure, usually referred to as Consolidated Fund Services (CFS), covers outlays for servicing the public debt (local and foreign), which includes amortization and interest payments. Other constitutional expenses included in this component are remuneration of specified officers' e.g., Chief Justice, Judges, chairpersons of established commissions and State House operational costs.
- Discretionary recurrent expenditure, expressed in the Supply Votes, cover administrative and running expenses for MDAs, RSs, the including subventions to Local Government and public institutions operating off-budget.

The structure includes:

- Votes: representing individual MDAs;
- Sub-votes: representing departments within an MDA and covering administrative and running expenses for departments within an MDA;
- Programme, covering a cluster of related sub-votes;
- Items and sub-items: these are spending lines within a sub-vote, defined according to the Government Finance Statistics (GFS) classification. They are usually aggregated into personal emoluments (PE) and other charges (OC). PE covers basic salaries only. The OC component includes non-statutory staff allowances, supply of goods and services (including certain capital expenditures such as car purchases) as well as an important element of grants to public institutions that otherwise operate off budget (including local authorities, executive agencies, autonomous authorities, higher education institutions etc.).

### E.2.1.3 Development Budget

This is the portion of the government budget for implementation of projects or investment activities and includes investment in government parastatals. The Development Budget is expected to be financed from foreign grants and loans for about 85-90%, ref. table E-2 below.

The structure of the Development Estimates is as follows:

- Votes and sub-votes correspond to the definition for the Recurrent Estimates.
- Sub-votes: These are projects within an MDA, In some sub-votes, expenditures that are covered within development.
- Items and sub-items represent clusters of related projects, individual projects and individual donors' contributions to individual projects and programmes.

The Development Estimates are not classified according to GFS, have no economic classification and include significant elements of expenditure that are recurrent in nature, such as payments for salaries and other administrative costs.

The overall magnitude and composition, in value terms, of the central government budget for the fiscal year 1<sup>st</sup> July 2002 to 30<sup>th</sup> June 2003 is presented in table 2.

**Table 2 Structure of the Central Government Budget for Fiscal Year 2002/03 (FY03)**

in billion T.Shs	Overall Budget	PRS priority sectors
<b>Total Expenditure Budget</b>	<b>2219</b>	<b>948</b>
<b>Recurrent Expenditure</b>	<b>1499</b>	<b>567</b>
of which PE for Min. & Depts	167	97
OC for Min. & Depts	544	145
subventions to public institutions	113	78
subventions to LGAs (**)	247	247
other expenditure (*)	401	-
<b>Development Expenditure (****)</b>	<b>720</b>	<b>381</b>
of which donor funded (***)	624	325
government funded	96	56
<b>Total Resources</b>	<b>2219</b>	
of which Domestic Revenue	1172	
Programme Aid/Budget Support	354	
Project loans and grants	624	
Other financing	69	

(\*) Debt service, pensions and other mandatory expenses (TShs 323 bill) and unallocated contingencies (TShs 78 bill)

(\*\*) A small portion of the LGA grants is for administrative personnel and therefore not strictly for PRS sectors.

(\*\*\*) Includes this year an exceptionally large amount for the Songo Songo Gas Pipeline Project (TShs 109 bill).

(\*\*\*\*) Assumes that all development projects under regions and LGAs are for PRS sectors.

## **Introduction of Performance Budgeting and MTEF**

After a series of reforms and improvements to the planning, budgeting and accounting processes, namely, the rolling Plan and Forward Budget (RPF) 1993/94, Annual Report and Service Improvement Plans (ARSIP) of 1998, introduction of performance budgeting started in phases in 1998 with seven pilot ministries. All ministries and independent departments prepared performance budgets for 1999/2000. The performance budgeting manual (URT December 1999) was then updated by incorporating new experience gained.

Performance budgeting seeks to re-orient the resource allocation process from incremental (input-based) budgeting to output (results-based) budgeting. Such budgeting requires three key elements to be in place.

- A strategic performance framework.
- Specific service delivery targets.
- Activities, inputs analysis and cost estimates.

The Medium Term Expenditure Framework (MTEF) was introduced in connection with performance budgeting. It may be defined as a strategic policy and expenditure framework from which better information is developed as the basis for making decisions on the allocation of public resources in line with government policy priorities and within which MDAs are given greater responsibility for medium-term planning and allocation of resources to priority activities. In essence then, the MTEF links national policies and objectives to the budgeting process. The stated policy

priorities are matched with available resources (both domestic and foreign), and the respective institutional roles in implementing such policies determine resource allocation. This then ensures that public expenditure programmes are driven by government policy priorities and disciplined by budget realities. The MTEF approach in Tanzania was developed following recommendations of Public Expenditure Reviews (PERs) initiated by the World Bank (see below).

The process of rolling out performance budgeting and MTEF to the local government level has started in 2002 with the requisite training workshops to technicians and managers, comprising of planners, economists and accountants, but there is concern over the capacity of LGAs to implement this more advanced budgeting procedure (ref. Bird, A. 2002).

### **Public Expenditure Review (PER)**

Since 1996 the PER has been adopted as the main routine instrument for annual open review of budget performance and identifying critical strategic issues for improving efficacy of public spending programs. The two-phase approach to the process that began in 1998 has been retained – first phase focusing on technical work for strengthening budget management and feeding into the preparation of budget frame/MTEF, and –second phase combining evaluative work and open consultation on strategic resource allocation, prioritization and budget management issues. The PER working Group (WG), chaired by the Govt and involving sector representatives, donors, researchers, civil society and private sector, is the focal organizational point for the process. It meets once every fortnight and is responsible for managing the whole process.

The annual process begins with the approval of the prospectus (by the WG) for the years PER process (August/September) taking into account lessons from the previous year. The WG then commissions and organizes finance as well as PER review for the technical studies (September – February/March): provides inputs to the Budget Guidelines Committee based on studies, analysis by its own Macro Group and external review of performance (conducted in a World Bank-led donor mission) – (December/January), facilitates the preparation of cross-sector and sector MTEFs with outputs from technical studies (February-April): and organizes an open review (PER Consultative Meeting) in May to review strategic prioritization and budget management issues. The open review involves a wide range of participants including the press, parliamentary committees, civil society, donors, government at all levels, the private sector and researchers. The meeting is co-chaired by the Permanent Secretary for Finance and the World Bank Country Director. The WG then sees to the preparation of the PER report incorporating suggestions/views from the open review meeting. It is important to note that the PER leverages substantial professional and financial resources from donors and other stakeholders. The two-phase PER process followed in Tanzania has had the advantage of providing constant feedback from one phase to another as well as in informing decision making throughout the budget cycles.

It is recently being realised that the schedule of the PER annual process is not conducive to providing essential inputs to the crucial work of the Budget Guidelines Committee. The work of the Committee is completed between September and December, by which time the PER process for that year has hardly delivered any outputs.

## Annex 6: Indicators Evolving from Different Initiatives

S/N	Name of sector	No. of Indicators under the Initiative			
		PWMI	PRSP	PMMP	LGRP
1	<p><b>Poverty</b></p> <ul style="list-style-type: none"> <li>• <b>PRSP:</b> Population below poverty line, proportion of rural poor, proportion of food poor.</li> <li>• <b>LGRP:</b> cow in h/h; hectares/h/h; bicycles; food prod. on target; roofing sheets; assets like tractor/ox-plough/radio; wage employment; children in household.</li> </ul>		3		11
2	<p><b>Income and production</b></p> <ul style="list-style-type: none"> <li>• <b>PWMI:</b> unemployment; absolute and &lt;\$1 poverty; income distribution; GDP/capita; inflation; &gt;50% income on food</li> <li>• <b>PRSP:</b> GDP growth; increase in agriculture; key food/cash crops (the log-frame subdivide them to 10)</li> <li>• <b>LGRP:</b> based on agriculture only</li> </ul>	8	3		7
3	<b>Basic needs</b>		1	2	
4	<b>Nutrition status</b>	2		3	
5	<p><b>Food security</b></p> <ul style="list-style-type: none"> <li>• <b>PWMI:</b> meals per day; H/holds missing food security; food at district/village/ward; agricultural use of tractor, hoe; ox-plough</li> </ul>	6	1	1	
6	<p><b>Education</b> (for details, see Annex 7a) (difference among the sources are due to inclusion of subdivisions of indicators but all relating to education)</p>	10	11	8	10
7	<p><b>Health status and services</b> (for details, see Annex 7b)</p> <ul style="list-style-type: none"> <li>• <b>PRSP;</b> many of the indicators would qualify as targets. But record put them under indicators</li> </ul>	17	17	10	13
8	<b>HIV/AIDS</b>		1	1	
9	<p><b>Water and sanitation</b></p> <ul style="list-style-type: none"> <li>• <b>PWMI:</b> access to safe water; water within 400m; h/h with toilets, disposal facilities; access to sewage system/ cesspool emptying; paying for water</li> <li>• <b>PRSP;</b> h/h in access to safe water</li> <li>• <b>LGRP:</b> resource spent on water; female in comm.; access to water c.a.400m/ clean water; distance of h/h to water source; public water shared; village with water accounts.</li> </ul>	6	1	1	8

S/N	Name of sector	No. of Indicators under the Initiative				
		PWMI	PRSP	PMMP	LGRP	
10	<b>Transport and communication</b> <ul style="list-style-type: none"> <li>PWMI: village access by road; availability of bicycle/ox plough/car/m/cycle; radio access; newspaper access; post office access; telephone access.</li> <li>LGRP: public transport cost; road access; broken bridge/culvert; funds for roads; rehabilitation; construction; transport facilities; travel time.</li> </ul>	6	1	1	8	
11	<b>Housing</b>	3	2	1		
12	<b>Energy</b>	1				
13	<b>Environment</b>	3				
14	<b>Household and family relations</b>	7				
15	<b>Empowerment and participation</b> <ul style="list-style-type: none"> <li>PWMI: h/h decisions; village decision; women in high posts; all with gender element.</li> <li>PRSP: report out; no of w/shops; attendance in w/shops; inputs from civil society</li> </ul>	5	4			
16	<b>Traditions and norms</b>	1				
17	<b>Social safety net</b> <ul style="list-style-type: none"> <li>PRSP: vulnerable groups (log-frame has broken them into 4)</li> <li>PMMP: vulnerable groups measures (all six)</li> </ul>		1	6		
18	<b>Governance</b> <ul style="list-style-type: none"> <li>PRSP: Judicial system</li> <li>PMMP: judicial system</li> <li>LGRP: prudent fund use; available dev. Plans/ budgets/ audit accounts/ bank accounts; meetings held; gender representation</li> </ul>		1	2	9	
19	<b>Macroeconomic stability</b> <ul style="list-style-type: none"> <li>PRSP: inflation; reserves; exchange rate; fiscal balance</li> <li>PMMP: agro GDP; general GEP; reserves;</li> </ul>		4	3		
20	<b>Resource allocation</b>		1			
<b>TOTAL NO. OF INDICATORS</b>		<b>75</b>	<b>52</b>	<b>39</b>	<b>66</b>	

Sources: (i). Poverty and Welfare Monitoring Indicators (PWMI)1999  
(ii). Poverty Reduction Strategy Paper (PRSP)-2000  
(iii). Poverty Monitoring Master Plan (PMMP).2001  
(iv). Working documents collected from LGRP management.

Key: H/H - Household  
PWMI - Poverty and Welfare Monitoring Indicators  
PRSP - Poverty Reduction Strategy Paper  
PMMP - Poverty Monitoring Master Plan  
LGRP - Local Government Reform Programme

## Annex 7a: Indicators in the Primary Education Sub-Sector

CATEGORY OF INDICATOR					
	Impact	Outcome	Output	Physical input/ Administrative process	Financial input
Poverty and Welfare Monitoring Indicators	<ol style="list-style-type: none"> <li>1. Percentage of the population literate.</li> </ol>	<ol style="list-style-type: none"> <li>2. Primary school gross enrolment ratio.</li> <li>3. Primary school dropout rates, by gender.</li> <li>4. Sec. School gross enrolment ratio, by gender. 6% of children 14 - 17 years old.<sup>28</sup></li> <li>5. Vocational training school gross enrolment by type and gender.</li> <li>6. Primary Pupil-teacher ratio.</li> <li>7. Secondary student teacher ratio.</li> <li>8. Mean years of schooling, by gender.</li> <li>9. Mean age enrolment for primary school, by gender.</li> <li>10. % of household consumption expenditure for education.</li> </ol>			
Poverty Reduction Strategy Paper	<ol style="list-style-type: none"> <li>1. Reduce illiteracy by 100% by 2010</li> <li>2. Achieved gender equality in primary and secondary education by 2005.</li> <li>3. Increase the proportion of school age children successfully completing primary educ.</li> <li>4. Increase % of passing Std. VII examination at a specified score.</li> </ol>	<ol style="list-style-type: none"> <li>5. Increase gross enrolment to 85% by 2003.</li> <li>6. Increase transition rate of primary to secondary from 15% to 21% by the year 2002 – 2003.</li> <li>7. Reduce drop out from 6.6% to 3%.</li> <li>8. Increase net primary school enrolment from 57% to 70%.</li> <li>9. Increase number of students passing at specified mark in standard 7 examination from 20% to 50% by 2003.</li> <li>10. Increase secondary enrolment from 5% to 7% by 2003.</li> <li>11. Expand adult education programs.</li> </ol>			

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<sup>28</sup> Enrolment to rise to 60% by 2025.

CATEGORY OF INDICATOR					
	Impact	Outcome	Output	Physical input/ Administrative process	Financial input
Poverty monitoring master plan	1. Literacy rate of population aged 15	2. Girl /Boy ratio in primary education. 3. Girl /Boy ratio in secondary education 4. Transition rate from primary to secondary 5. Net primary enrolment rate 6. Gross primary enrolment. 7. Drop out rate in primary school. 8. Percent of students passing std 7 with grade A,B,C.			
Sector Development Program (PEDP)	1. Increase overall gross and net enrolment of girls and boys	2. To expand complementary education programs for out of school children and youth	3. To use teachers and class rooms efficiently (Standard teacher to pupil 1:45) 4. To recruit new teachers and to construct new classrooms Improve learning resources 5. Pre-service teacher training improved.	6. To construct new classrooms 7. Reconstruct 2-3% of existing classrooms per year. 8. 67% of classrooms to be used on double shift from 2002-2006. 9. Provide teacher housing for 30% of new recruits.	10. USD 5,000 per c/room 11. USD 40 per teacher yearly 12. USD 4 per textbook per kid per year 13. 25% of Govt recurrent exp. For educ. Of which 62% for primary educ.

CATEGORY OF INDICATOR					
	Impact	Outcome	Output	Physical input/ Administrative process	Financial input
MOEC Strategic Plan (###)	1. Achieve literate society	2. Ensure provision of basic education to all illiterate youths and adults. 3. Ensure availability of trainers manual, modules and NFE materials.	4. Needs assessment carried out by 2003 5. 83,000 facilitators trained in reflective methodology by 2004. 6. Guidelines developed 7. 820,000 materials produced.	1. Schools for double session identified 2. 910 teachers employed by 2001 3. counselling strengthened in schools 4. Provide materials for students with special learning needs	
Operating Plan					
MOEC Action Plan				1. 25812 teachers trained in counselling. (p. 1) 2. curricula, facilitator manual and modules reviewed 3. train 543 new school inspectors 4. Develop retooling and plan for 7 zones and 23 districts.	

CATEGORY OF INDICATOR					
	Impact	Outcome	Output	Physical input/ Administrative process	Financial input
MTEF <sup>29</sup>			1. Looks mainly at inspectorate issued as far as primary is concerned (see pp. 129 <sup>30</sup> )		

Some notes from the PRSP, Page.37:

**(a). Indicators of Quality of life and Social Well-Being:**

- Survival
  1. infant and under . five mortality rates (by sex and for the rural and urban areas
  2. Percentage of children fully immunised by their first birthday (by sex and for rural and urban areas
  3. Proportion of districts w3ith active HIV-AIDS awareness campaigns (as intermediate indicator)
- Human capabilities
  1. Net enrolment rate for primary education
  2. Net primary school intake care
  3. The enrolment rate in grade seven ; and
  4. Passing rate in grade seven.

**(b). The indicators inserted in the matrix table have been derived from PRSP Log-frame table on pp. 49 – .52 and from the main text.**

KEY: ## - the strategic plan of the Ministry of Education does not differentiate indicators for Primary Schools and adult education ( the main subjects of the PRSP) from those of Secondary Schools, technical schools and teacher training. The key result area is 'competitive player in the region in primary and secondary education'. (see remarks below for further explanation).

And the goals are (i) to ensure availability of curriculum and requisite teaching-learning materials and (ii) to have quality education at all levels.

<sup>29</sup> The MTEF which should have covered in details issues related to primary education which the main target of the PRSP is one for the Local Authorities, which is not being prepared at the moment due to lack of capacity at local government (at Least 114 councils would prepare MTEF) level (Reason given by the LGRP management).

<sup>30</sup> The budget for Primary education under the Ministry's budget Proposals has little to do with spending in primary schools. See page 193-194. Block grants sent directly to Councils and Municipalities under the umbrella of PORALG.

The following indicators have been listed:

- Actual teacher :student ratio
- Student: text book ratio (**target: budget allocation increased by 25%**)
- Number of teachers trained in mathematics, Sciences and Language, against the set target
- Student performance in mathematics science and language
- Number of in service teachers trained against target (**target: 20,000 teachers trained by 2004**)
- Number of mathematics sciences and language teachers recruited and contracted against target (**target: 1100 teachers recruited by 2004**)
- Actual training cost against budget
- Number of libraries equipped against target
- Number of librarians trained against target (**target: 300 librarians trained by 2006**); (**target: 300 librarians recruited by 2006**).
- Actual expenditure on procurement of books against budget
- Number of laboratories constructed against target (**target: 100 new laboratories constructed by 2006**).
- Number of laboratories equipment procured against target (**target: 100 new laboratories stocked with books and teaching materials by 2006**)
- Number of laboratories technicians recruited against target (target: 300 new laboratory technicians recruited by 2006); (**target: 300 laboratory technicians trained by 2006**)

#### REMARKS:

1. The libraries and laboratories are for secondary schools and teacher training colleges (pp. 52). Likewise indicators alluding to subjects such as mathematics, science and languages is also in relation to secondary schools and teacher colleges. Then how is this Strategic plan addressing the issue of poverty which focus on primary education.
2. The exclusion of primary education program in the Ministry Strategic Plan is explained partly by the fact that implementation of most of the programs is by the local government authorities currently under the President's Office-Regional Administration and Local Government. Through the decentralisation programme the Councils are responsible for handling all funds meant for education (see Block Grants Regulation) including recruitment of teachers. The Ministry remains with the functions of Inspectorate, Monitoring and Policy.

## Annex 7b: Indicators in the Health Sector

CATEGORY OF INDICATOR ON HEALTH				
	Impact	Outcome	Output	Physical input/ Administrative process
Poverty and Welfare Monitoring Indicators	<ol style="list-style-type: none"> <li>1. Infant mortality rate.</li> <li>2. Under 5 mortality rate.</li> <li>3. Maternal mortality rate.</li> <li>4. Life expectancy by gender.</li> </ol>	<ol style="list-style-type: none"> <li>5. %Death by causes by gender and age.</li> <li>6. Incidence of HIV-AIDS.</li> <li>7. Incidence of top ten diseases.</li> <li>8. Crude birth rate.</li> <li>9. Crude death rate.</li> <li>10. #) % of disabled people by type etc.</li> <li>11. % of the population with access to health.</li> <li>12. Population per (i) dispensary, (ii)health centre, (iii) doctor, (iv) hospital bed.</li> <li>13. % of deliveries attended by trained attendants or other personnel.</li> <li>14. % of population with access to reproductive health services) by gender.</li> <li>15. % of children U1 fully immunised (by gender).</li> <li>16. % of pregnant women immunised against tetanus</li> <li>17. % of household consumption expenditure for health services</li> </ol>		
Poverty Reduction Strategy Paper	<ol style="list-style-type: none"> <li>1. Contain seropositive rate in pregnant women .</li> <li>2. Restored life expectancy to 52 years.</li> </ol>	<ol style="list-style-type: none"> <li>3. Reduce infant mortality rate.</li> <li>4. Reduce under five mortality by half</li> <li>5. Reduced burden of disease through reduced morbidity.</li> <li>6. Reduced maternal mortality.</li> <li>7. Malaria in-patient case fatality rate for under 5 children</li> </ol>	<ol style="list-style-type: none"> <li>8. Increase the percentage of children under 2 years immunised against measles and DPT from 71% to 85% by 2003.</li> <li>9. 75% of districts covered by an active AIDS awareness campaign.</li> <li>10. Increase coverage of births by trained personnel from 50% to 80%.</li> </ol>	

**CATEGORY OF INDICATOR ON HEALTH**

	<b>Impact</b>	<b>Outcome</b>	<b>Output</b>	<b>Physical input/ Administrative process</b>
Poverty Monitoring Master Plan	<ol style="list-style-type: none"> <li>1. Infant mortality rate.</li> <li>2. Under five mortality rate.</li> <li>3. Life expectancy</li> <li>4. Maternal mortality rate.</li> </ol>	<ol style="list-style-type: none"> <li>5. Seropositive rate in pregnant women</li> <li>6. Malaria in/patient case fatalities for children under 5</li> <li>7. Prevalence of ARI in under-five Prevalence of diarrhoea in under-five</li> </ol>	<ol style="list-style-type: none"> <li>8. Districts covered by active HIV/AIDS awareness campaign.</li> <li>9. Children under two years immunised against both measles and DPT.</li> <li>10. Births attended by a skilled health worker.</li> </ol>	
Sector Development Program				
National health Policy – Draft 3		<ol style="list-style-type: none"> <li>1. Immunisation of children under 2 years of age.</li> <li>2. Reproductive and Child health including family planning and control of malaria, HIV/AIDS and TB and Leprosy . .P4.</li> </ol>		
MOH Strategic Plan	<ol style="list-style-type: none"> <li>1. Reduction in incidence and prevalence of diseases</li> <li>2. Reduction of incidence and prevalence of diseases</li> </ol>	<ol style="list-style-type: none"> <li>3. Safe practice by traditional practitioners.</li> <li>4. Staff in health facilities performs well.</li> <li>5. Provision of level 1 and level 2 care by all regional, district and voluntary agency hospitals by 2004.</li> <li>6. Linkages fostered with the private sector in the provision of health services by 2004.</li> </ol>	<ol style="list-style-type: none"> <li>7. National and hospital system supplied with drug and management strengthened.</li> <li>8. health facilities in 114 districts supplies with vaccines and contraceptives</li> <li>9. Cold chain system equipped and maintained in all health facilities</li> <li>10. Continuum of care for HIV/AIDS provided by all level 1, 2, and 3 hospitals</li> <li>11. Financial system strengthened in MOH.</li> </ol>	

CATEGORY OF INDICATOR ON HEALTH			
	Impact	Outcome	Output
Operating Plan	NOT AVAILABLE		
Action Plan	NOT AVAILABLE		
Medium Term Expenditure Framework	<ol style="list-style-type: none"> <li>1. Increase Reduce infant and under five mortality rate</li> <li>2. coverage of integrated management of child illness (IMCI).</li> </ol>	<ol style="list-style-type: none"> <li>3. %Age of children immunised against measles and DPT.</li> <li>4. Increase HIV/AIDS awareness through campaigns.</li> <li>5. Control of all communicable diseases including TB/Leprosy</li> <li>6. Malaria prevention and control</li> </ol>	<ol style="list-style-type: none"> <li>7. Provide essential drugs , medical supplies, equipment, and laboratory reagents</li> <li>8. Strengthen referral hospitals to support PHC services.</li> <li>9. Human resource development.</li> </ol>

## Annex 8a: Summary of Indicators from Iringa Municipal Council

		CATEGORY OF INDICATOR		REMARKS ON THE INDICATORS
Impact	Outcome/Output	Physical/ financial input, administrative process		
Education	<ol style="list-style-type: none"> <li>1. Reduce the pupil book ratio from 1:5 to 1:1 by year 2005</li> <li>2. Statistical keeping system and community system updated</li> <li>3. No. of hand-capped school children known.</li> <li>4. Educational programs broadcast in schools.</li> <li>5. Cultural centre established.</li> <li>6. No. of secondary schools raised from 8 to 11 by <b>2025</b></li> </ol>	<ol style="list-style-type: none"> <li>7. Increase no. of school buildings from 360 to 596 by 2005</li> <li>8. Desks increased from 5277 to 7284 by 2005.</li> </ol>	<p>These indicators are consistent with the national and sectoral policies. In fact they are more specific for implementation purposes. They have been translated into implementable targets.<sup>31</sup></p>	
Health	<ol style="list-style-type: none"> <li>1. immunization coverage raised from 77% to 90% by 2004</li> <li>2. malaria morbidity reduced from 66% to 40% by 2005</li> <li>3. HIV/AIDS transmission reduced from 1398 people to 406 by 2005.</li> <li>4. Malnutrition status reduced from 234 children to 88 children by 2005</li> <li>5. Reduce under five mortality rate fro 94/1000 live births to 80/1000 live births by 2005.</li> <li>6. Reduce maternal mortality rate from 332per 100,000 to 300 per 100,000 by 2005.</li> <li>7. Solid waste collection capacity increased from 71 tones to 102 tones by 2005.</li> </ol>		<p>(i). These indicators are consistent with the national and sectoral policies. In fact they are more specific for implementation purposes. They have been translated into implementable targets. They are in line with those in PWMI, PRSP, and LGRP M&amp;E</p>	

<sup>31</sup> The zonal experts working under the Local Government Reform Programme and who are familiar with the PRSP and CCM Manifesto requirements have facilitated the Councils. Besides, the PORALG prepares specific guidelines covering the priority sectors for guiding the Councils.

CATEGORY OF INDICATOR		REMARKS ON THE INDICATORS
Impact	Outcome/Output	
Water	<ol style="list-style-type: none"> <li>1. Availability of safe and clean water raised from 67% to 80% of municipal population by 2005.</li> <li>2. Liquid solid waste network expanded from 17% to 40% of municipal households by 2005.</li> <li>3. Customers to liquid waste network increased from 100 to 500 by 2005.</li> </ol>	<p>(i). These indicators are consistent with the national and sectoral policies. In fact they are more specific for implementation purposes. They have been translated into implementable targets.</p> <p>(ii). Some indicators appear to be localised. For example, reduction in unpaid water bills, expansion of network for both solid and liquid waste, increase on revenue collection. These are measures of social and economic efficiency.</p>
Agriculture and Livestock department	<ol style="list-style-type: none"> <li>1. Increase food crop production in tons.</li> <li>2. Increase production horticultural crops, vegetables, fruits and flowers.</li> <li>3. Increase no. of mushroom cultivators from 20 to 120 by 2005.</li> <li>4. Increase quality and quantity of livestock and their products.</li> <li>5. Reduce incidence of animal disease morbidity from 40% to 20%.</li> <li>6. Slaughtering of animals in abattoirs privatized and controlled.</li> </ol>	<p>(i). These indicators are consistent with the national and sectoral policies. In fact they are more specific for implementation purposes. They have been translated into implementable targets. They cover indicators under the PWMI and LGRP M&amp;E.</p> <p>(ii). Some of the indicators are localised e.g. increase in production of various crops</p>
	<ol style="list-style-type: none"> <li>4. Unpaid water bills reduced from 55% to 30% by 2005.</li> <li>5. Revenue from water business increased from 50% to 90% of estimated revenue by 2005.</li> </ol>	
	<ol style="list-style-type: none"> <li>7. Extension officer/ farmer ratio raised from 1: 600 to 1: 480 by 2005.</li> </ol>	

Source: Strategic Plan Document (dated March 2002). Extracted from Municipal Council step 8 of the restructuring process.

## Annex 8b: Summary from Kilosa District Council

CATEGORY OF INDICATOR				REMARKS ON THE INDICATORS.
Impact/Outcome	Output	Physical/ financial input, administrative process		
<p><b>EDUCATION</b></p> <ol style="list-style-type: none"> <li>1. Access to quality education services improved.</li> <li>2. Improve institutional capacity to manage education</li> <li>3. Improve infrastructure in schools</li> <li>4. Improve teaching/learning environment</li> <li>5. Implement policy and institutional focus on special, post primary education and adult education needs.</li> </ol>	<ol style="list-style-type: none"> <li>1. Net enrolment raised from 60% to 65% by 2003.</li> <li>2. Gross enrolment rate increased from 75% to 85% by 2003</li> <li>3. Dropout rate reduced from 25% to 20% by 2003.</li> <li>4. Percentage of qualified teachers increased from 40% to 75% by end of 2003.</li> <li>5. Needs assessment on education sector completed by 2001</li> <li>6. Master plan for phased human resource development prepared by 2001</li> <li>7. Phased training and support to teachers and education staff done by 2002.</li> <li>8. Book pupil ratio reduced from 1:3 to 1:2</li> <li>9. Blind children enrolment increased from 3 to 6 and their enrolment increased from 10 to 30</li> <li>10. Mentally retarded class increased from none to 5</li> <li>11. Deaf children enrolled increase from none to 5</li> <li>12. 3 post primary centres supported by 2002.</li> <li>13. 30 learning groups in adult education formed and 80% functioning.</li> </ol>	<ol style="list-style-type: none"> <li>1. 60 classrooms in 30 schools constructed with community support.</li> <li>2. 30 classes in 15 schools rehabilitated</li> <li>3. 15 teacher houses in 15 schools constructed with support of community.</li> <li>4. 150 pit latrine holes in 30 school constructed.</li> <li>5. Supplies to schools commenced by 2001</li> <li>6. 150 teachers re-deployed.</li> <li>7. 60% of schools provide school meals</li> </ol>	<ol style="list-style-type: none"> <li>(i). These indicators are consistent with the national and sectoral policies. In fact they are more specific for implementation purposes. They have been translated into implementable targets. Some indicators have been localised and are quite specific for implementation purposes. See the coverage on adult education, post primary centres, classes for mentally retarded kids etc.</li> <li>(ii).</li> </ol>	

CATEGORY OF INDICATOR			REMARKS ON THE INDICATORS.
Impact/Outcome	Output	Physical/ financial input, administrative process	
HEALTH Access to quality of health services improved	<ol style="list-style-type: none"> <li>1. No. of health facilities increased by 4% from 69 units in 2000 to 72 units in 2003.</li> <li>2. Qualifies staff providing health services increased by 17% from 130 in 2000 to 297.</li> <li>3. Reduce deficit of working tools in health facilities by 30%.</li> <li>4. Improve the physical state and equipment in health facilities</li> <li>5. Improve training and distribution of Health staff.</li> <li>6. Avail health policy guidelines on community role.</li> </ol>	<ol style="list-style-type: none"> <li>1. 3 staff quarters constructed with community support by 2003.</li> <li>2. 2 new dispensary buildings constructed with Community support by 2003.</li> <li>3. 69 health facilities supplied with equipment and supplies by 2003.</li> <li>4. 69 health committees sensitized and community mobilized by 2003.</li> <li>5. 6 buildings rehabilitated with community support.</li> <li>6. Needs assessment conducted in 69 health units by 2001.</li> <li>7. 50 staff supported with training by 2002.</li> <li>8. 72 CBHC TOT's trained by 2003.</li> <li>9. Staff reallocation and distribution done in 69 units.</li> <li>10. Health policy document translated, available and distributed to 161 villages, 37 wards, and district medical board.</li> </ol>	<p>(i). These indicators are consistent with the national and sectoral policies. In fact they are more specific for implementation purposes. They have been translated into implementable targets.</p> <p>(ii). Some of the indicators are localised, as for example the issues of physical facilities.</p>

CATEGORY OF INDICATOR				REMARKS ON THE INDICATORS.
	Impact/Outcome	Output	Physical/ financial input, administrative process	
HIV/AIDS	<ol style="list-style-type: none"> <li>1. Prevalence of infections diseases including HIV/AIDS improved</li> <li>2. Community based strategies for control of infection diseases including HIV/AIDS</li> </ol>	<ol style="list-style-type: none"> <li>3. Reduce morbidity due to infection disease by 15% by 2003.</li> <li>4. Reduce mortality due to infection disease by 10% from 340 deaths 1999.</li> <li>5. 20% increase in households using appropriate sanitation e.g. Pit latrines, utensil racks, disposal pits</li> <li>6. Reduce number of orphans due to HIV/AIDS by 2% from 1469 in 1999.</li> <li>7. Strategies for dealing with the infection diseases delineated, implementation plans drawn and awareness of communities raised.</li> <li>8. Data of people affected by AIDS collected from pilot areas by 2001.</li> </ol>		<ol style="list-style-type: none"> <li>(i). These indicators are consistent with the national and sectoral policies. In fact they are more specific for implementation purposes. They have been translated into implementable targets.</li> </ol>
WATER	<ol style="list-style-type: none"> <li>1. Access to clean and safe water for house holds improved.</li> <li>2. Increase exploitation of potential water sources</li> <li>3. Reduce pollution of water sources</li> <li>4. Improved availability of water sources.</li> </ol>	<ol style="list-style-type: none"> <li>5. Proportion of household with access to clean water within 400 meters increased from 48% to 57% by end of 2003.</li> <li>6. Cases of water borne diseases reduced by 10% by 2002</li> <li>7. Incidence of destruction of water sources reduced by 10% by 2003.</li> <li>8. Appropriate water filtration operating in 5 villages by 2001</li> <li>9. Watershed protection in 5 villages in place and operating by 2001.</li> </ol>	<ol style="list-style-type: none"> <li>10. Water master plan prepared</li> <li>11. Phased implementation of master plan started by 2002.</li> <li>12. 4 appropriate technologies in water extraction tested.</li> <li>13. 30% increase in above activities by 2003.</li> <li>14. Pilot on improved latrines to 5 villages.</li> <li>15. 4 new piped water schemes every year up to 2003</li> <li>16. Water user committees formed in 30 villages.</li> <li>17. 44 piped water scheme attendants trained.</li> <li>18. One treatment plant constructed in Kilosa town.</li> </ol>	<ol style="list-style-type: none"> <li>ii). These indicators are consistent with the national and sectoral policies. In fact they are more specific for implementation purposes. They have been translated into implementable targets.</li> <li>iii). Some of the indicators are localised e.g. on the issue of water borne diseases, water shed protection, appropriate water filtration etc.</li> </ol>

CATEGORY OF INDICATOR			REMARKS ON THE INDICATORS.
	Impact/Outcome	Output	Physical/ financial input, administrative process
AGRICULTURE AND LIVESTOCK	<p>1. Agriculture and livestock production and marketing improved.</p> <p>2. Improved extension services.</p>	<p>3. 15 % increase in crop and livestock produce in target areas.</p> <p>4. 20% increase in organized crop marketing</p> <p>5. use of compost and industrial fertilizer increased by 20% by the year 2003</p> <p>6. Credit facilities available and used by 25 % of farmers by 2003.</p> <p>7. Reduce livestock mortality rate by 15% by 2001</p> <p>8. 10 farmers agricultural/livestock marketing groups strengthened.</p> <p>9. Livestock market centres increased from 8 to 15 by 2003.</p> <p>10. No. of villages receiving extension services increased from 114 to 161</p> <p>11. No. VEO's visits to farmers increased from present 2 times a month to 4 times a month.</p>	<p>12. 12 staff houses for VEO constructed by 2003.</p> <p>13. Frequency of reports from VEOs to DALDO improved from once per 3 months to once every month.</p>
			<p>(i). These indicators are consistent with the national and sectoral policies. In fact they are more specific for implementation purposes. They have been translated into implementable targets.</p> <p>(ii). Some of the indicators are localised e.g. number of marketing groups strengthened.</p>

CATEGORY OF INDICATOR			REMARKS ON THE INDICATORS.
	Impact/Outcome	Output	Physical/ financial input, administrative process
ROADS	<p>1. Mobility of goods, people and information flow at reasonable time and cost.</p>	<p>2. Increase in number of vehicles and people using improved roads during the dry season.</p> <p>3. Increase in tonnage of goods transported in vicinity of improved roads.</p> <p>1. Improved roads are passable 90% per year. (Impassable district road network throughout the year dropped from 85% to 75% by 2003)</p> <p>4. Remote wards data reach the district and vice-versa on time.</p> <p>5. Access routes to productive areas provided</p> <p>6. Selected district and feeder roads improved and maintained.</p> <p>i. Number of trouble spots reduced to 80% in Kiloša District.</p> <p>ii. Substandard feeder roads reduced from 95% to 85% by 2003.</p> <p>7. Radio call services in selected remote areas improved.</p>	<p>(i). These indicators are consistent with the national and sectoral policies. In fact they are more specific for implementation purposes. They have been translated into implementable targets.</p> <p>(ii). Some of the indicators are localized e.g. increase no. of vehicles and people using improved roads etc.</p>

Source: Kiloša District Council; Three Year Development Plan, Jan. 2001-2003. Dated December 2000.

## Annex 9: Evolution of Indicators and Targets for the Judiciary between October 2000 and October 2002

PRSP Declared Actions and Targets, Oct. 2000	1 <sup>st</sup> PRS Progress Report, August 2001 (progress reported)	MTEF Targets for FY02-FY04 (as reported on)	MTEF Targets set for FY03-FY05 (approx April 2002)	Proposed at MTEF/PER Consultative Meeting May 2002	Revised targets as per 2 <sup>nd</sup> Progress Report Oct. 02
1. Speed up settlement of cases in primary courts by, among other things, reducing the estimated shortage of magistrates (approx 700) by one half	The staffing situation of the sector institutions has been improved through recruitment of more state attorneys and magistrates, as well as judges for High Court	To reduce number of pending cases from 3000 currently to 1500 cases by 2004	To ensure that 60-70% of all filed cases are disposed of by 2005	Speed up settlement of cases in the primary courts by recruiting at least 150 primary court magistrates by 2003	Speed up settlement of cases in the courts by recruiting State Attorneys (70) and magistrates (125 primary and 135 resident) by June 2003
2. Rehabilitate building and other facilities of the primary courts	nothing reported	To rehabilitate 60 primary courts buildings in 10 districts and provide additional 4 court premises by 2004	To construct 2 district court buildings and 1 high court building and rehabilitate 2 high court buildings and Court of Appeal building	Preparation of a Development Program for rehabilitation of facilities of the Courts and other capital investments by June 2002	Preparation of a Development Program for rehabilitation of the Courts and other houses by June 2002. Construction of Law Reform Commission (already in progress).
3. Speed up court decisions and raising the ratio of decided to filed cases from 63% to 80% by end 2003	Performance of other courts (than commercial) has been uneven owing to shortage of financial resources, qualified magistrates and other personnel	To reduce number of pending cases from 3000 currently to 1500 cases by 2004	To ensure that 60-70% of all filed cases are disposed of by 2005	Speed up court decisions and raising the ratio of decided to filed cases from 63% to 70% by end 2003	Speed up court decisions and raising the ratio of decided to filed cases from 63% to 70% by end 2003
4. Reducing time taken to settle commercial disputes to 18 months by end 2003	The commercial court has been able to resolve quickly cases under its jurisdiction, clearing rates increased from 53 to 78 and congestion rate dropped from 229% to 183% in 1999/00 and 2000/01 resp.	none	none	Reducing time taken to settle commercial disputes to 18 months by end 2003	(original target already reached) Expansion of Commercial Court Services to (5) regional centres

<b>PRSP Declared Actions and Targets, Oct. 2000</b>	<b>1<sup>st</sup> PRS Progress Report, August 2001 (progress reported)</b>	<b>MTEF Targets for FY02-FY04 (as reported on)</b>	<b>MTEF Targets set for FY03-FY05 (approx April 2002)</b>	<b>Proposed at MTEF/PER Consultative Meeting May 2002</b>	<b>Revised targets as per 2<sup>nd</sup> Progress Report Oct. 02</b>
5. Raising the ratio of actual Court of Appeal sessions to planned sessions from the current 50% to 100% by end 2003	Performance of other courts (than commercial) has been uneven owing to shortage of financial resources, qualified magistrates and other personnel	ref. above	ref. above	Increasing the ratio of actual Court of Appeal sessions to 80% by end 2003	Increasing the ratio of actual Court of Appeal sessions to 80% by end 2003
6. Carrying out diagnostic surveys of corruption in the Judiciary.	nothing reported	none	Institute effective and transparent mechanism for combating corruption in the Judiciary by 2005	(not mentioned)	(not mentioned)
7.	The Institute of Administrative Justice has been established to train primary court magistrates and administrative support for the Judiciary institutions	Enhance professional skills of 204 primary court magistrates to diploma level and 45 court clerks to certificate level by 2004	Enhance professional skills of 204 primary court magistrates to diploma level and 45 court clerks to certificate level by 2005	(not mentioned)	(not mentioned)
8.		To provide necessary facilities, incentives and entitlements by 2004	To provide necessary facilities, incentives and entitlements by 2005		
9.		To improve financial management control and monitoring of all funds by 2004	To improve financial management control and monitoring of all funds by 2005		
10.					Enhance Juvenile Justice (construction of 2 courts)

