

**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF FINANCE**



**2013 ANNUAL REVIEW OF  
THE GENERAL BUDGET SUPPORT**

**18th NOVEMBER 2013**

**FINAL REPORT**

**Julius Nyerere International Convention Centre  
DAR ES SALAAM  
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**TANZANIA**  
**2013 ANNUAL REVIEW OF THE GENERAL BUDGET SUPPORT**

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## ABBREVIATIONS AND ACRONYMS

<b>AfDB</b>	-	African Development Bank
<b>ARV</b>	-	Anti-Retro Viral
<b>BFR</b>	-	Big Fast Results
<b>BRN</b>	-	Big Results Now!
<b>DCF</b>	-	Development Cooperation Framework
<b>DfID</b>	-	UK Department for International Development
<b>DP(s)</b>	-	Development Partner(s)
<b>DPG</b>	-	Development Partners' Group
<b>EITI</b>	-	Extractive Industries Transparency Initiative
<b>EPC</b>	-	Emergency Power Contract
<b>EU</b>	-	European Union
<b>FYDP</b>	-	Five Year Development Plan
<b>GBS</b>	-	General Budget Support
<b>GDP</b>	-	Gross Domestic Product
<b>GoT</b>	-	Government Of Tanzania
<b>HBS</b>	-	Household Budget Survey
<b>ICT</b>	-	Information and Communication Technology
<b>KPA(s)</b>	-	Key Policy Action(s)
<b>LGA(s)</b>	-	Local Government Authority(s)
<b>LTPP</b>	-	Long Term Perspective Plan
<b>MAFS</b>	-	Ministry of Agriculture and Food Security
<b>MEM</b>	-	Ministry of Energy and Minerals
<b>MKUKUTA</b>	-	Mkakati wa Kukuza Uchumi na Kupunguza Umaskini (National Strategy for Growth and Reduction of Poverty)
<b>MoCLA</b>	-	Ministry of Constitutional and Legal Affairs
<b>MoEVT</b>	-	Ministry of Education and Vocational education
<b>MoF</b>	-	Ministry of Finance
<b>MoHSW</b>	-	Ministry of Health and Social welfare
<b>MoW</b>	-	Ministry of Works
<b>MP</b>	-	Member of Parliament
<b>NBS</b>	-	National Bureau of Statistics
<b>NKRA(s)</b>	-	National Key Results Area(s)
<b>OI(s)</b>	-	Outcome Indicator(s)
<b>PA&amp;OB</b>	-	Public Authorities And Other Bodies

<b>PAF</b>	-	Performance Assessment Framework
<b>PER</b>	-	Public Expenditure Review
<b>PFM</b>	-	Public Financial Management
<b>PFMRP</b>	-	Public Financial Management Reform Programme
<b>PMO RALG</b>	-	Prime Minister's Office - Regional Administration and Local Governments
<b>PRBS</b>	-	Poverty Reduction Budget Support
<b>TANESCO</b>	-	Tanzania Electric Supply Company Ltd
<b>TASAF</b>	-	Tanzania Social Action Fund
<b>TZS</b>	-	Tanzania Shilling
<b>UP(s)</b>	-	Underlying Principle(s)
<b>USD</b>	-	United States Dollar
<b>VAT</b>	-	Value Added Tax

## Executive Summary

### Introduction:

The General Budget Support Annual Review was held on Monday, 18<sup>th</sup> November, 2013 at the Julius Nyerere International Convention Centre in Dar es Salaam, Tanzania.

The event is an important milestone in the GBS annual calendar and is governed by the *Partnership Framework Memorandum (PFM)* of May 2011. The PFM specifies the *principles and terms of cooperation* between the Government and GBS-DPs regarding the provision of GBS. The meeting brought together key stakeholders from both the Government and GBS Development Partners with the objective of reviewing performance over the year 2012/13 in implementing the agreed actions.

The parties reiterated the mutual (GOT/GBS DPs) commitment to quality engagement addressing the critical issues for Tanzania's development agenda. They recognised the positive results that analytic pieces, including the Joint GBS Evaluation Report, the Rapid Budget Analysis, the Joint Donor Assessment of the GBS Underlying Principles, and the Household Budget Survey 2011 had identified along with areas which need further action in order to achieve the shared objectives. The parties also recognised the likely impact of the changing global environment on the manner that the GBS instrument is applied, and reiterated the continued mutual preference for GBS as a modality for delivering and receiving aid. Specifically for Tanzania, it was underscored that the BRN initiative was a good opportunity for orienting GBS towards results while retaining the instrument's positive qualities, especially accountability, predictability, and low transaction costs.

### Performance Assessment 2013:

At the Annual Review opportunity was taken to assess the preliminary status of performance against the targets agreed in the previous annual review in the form of the Performance Assessment Framework 2013. The rating of the PAF 13 was completed before the publishing of this report and the final performance assessment is as follows: Of the 12 Key Policy Actions, eight (8) have been achieved, four (4) were not achieved. The total number of outcome indicators was 39, two of which are Donor Indicators. One Donor indicator was achieved while the other was not achieved. Of the remaining 37 indicators, fifteen and a half (15.5) have been achieved, fifteen and a half (15.5) were not achieved, and seven (7) were not assessed. In view of these results, the parties emphasised the need for clarity of the assessment methodology to be used, so as to avoid disagreements during assessment period. Furthermore the need to be strategic and to take a medium term view when choosing PAF targets was emphasised so that the focus should be on important aspects of the partnership.

### Budget developments:

On the basis of an analysis undertaken jointly by the Government and DPs, overall management of the budget aligned well with national strategic priorities, and there was good macroeconomic performance. However, there was noted a deterioration in the overall fiscal balance due to lower than expected non-tax and VAT revenues, and increased expenditure. Further fiscal risks follow from the rapid decline in Government's fiscal space. The budget outturn for 2012/13 reflected changes in both the financing sources and composition of expenditure that was explained in part by significant one-off items in expenditure. Going forward, it was noted that development spending is likely to grow in view of BRN focus on infrastructure investment. Risks to watch include debt sustainability and the cost of debt service, the underfunding of priority sectors represented in the BRN, especially infrastructure and education; and

recurring low execution rates in some MDAs. Protecting achievements in social sectors and especially health should equally be prioritised. The Government will need to focus on managing public spending in order to preserve fiscal and debt sustainability going forward.

### **Underlying Principles**

The review meeting also received and discussed the report by the Development Partners on the status of implementation of the underlying principles of the GBS partnership. The principles are outlined in the Partnership Framework Memorandum agreed in 2011 by the Government and GBS development partners. Dialogue during the Annual review focused on the first three (of five) principles (a) Macroeconomic Management, (b) commitment to poverty reduction; and (c) Continual strengthening of the PFM Systems.

The assessment found that GoT is committed to the three principles with some concerns, in line with the risks outlined in the RBA presentation and mentioned below. The parties noted that there is a need to take the changing planning environment (the FYDP and BRN) into account when discussing commitment to MKUKUTA II (UP 2). As MKUKUTA II ends in 2015, and the FYDP I in 2016, for example, the Government's vision is outlined in the Long Term Perspective Plan (LTPP 2011/12 – 2015/16) that charts the three phases of transition towards the targets set out in the Tanzania Development Vision 2025.

In discussing macroeconomic developments and progress in achieving MKUKUTA objectives in the context of underlying principles, it was observed that the discussion ought to include the status on inclusiveness of growth, equity in resource allocation, and gender. Similarly, there is need to consider medium to long term impacts on the micro foundations of sustained macro stability, including private sector development, employment, efficiency, and quality of service.

In addition to the developments covered in the dedicated session on the subject, the discussion on budget management pointed to the increasing uncertainty of resource flows from domestic revenues, aid, and non-concessional financing, and how it is making budget execution very difficult. More attention therefore needs to be accorded to improving predictability of budgetary resources and cash management. DPs also noted that, more effort is needed in the fight against corruption.

### **Joint GBS Evaluation and Action Plan**

Consistent with the shared desire to continually strengthen the GBS instrument and respond to the changing environment, the parties undertook a joint evaluation of the instrument as applied in Tanzania, and developed an action plan for reforms going forward. The report was presented to the Annual Review Meeting where parties commended the evaluation and its recommendations. While acknowledging that country assistance programmes may change, it was acknowledged that alignment of the GBS as the preferred aid delivery modality and BRN as a modality for Government delivery augur well with the emerging international focus on results in aid relationships. With the strong GOT/DPs partnership demonstrated in Tanzania, the two are easily aligned.

## **PAF 2014**

The parties reiterated the intention to use the Performance Assessment Framework matrix to inform the strategic direction of the partnership and avoid increasing transaction costs. Going forward the PAF, together with UP Assessment, will also ensure that the dialogue is coherent and avoid parallel dialogues on strategic matters. This entails improved strategic focus of the PAF, with a significant reduction in the indicators and alignment with BRN (particularly in Energy, Transport, and Water Sectors). The parties therefore welcomed the draft PAF 2014 presented at the meeting by the joint Strategic PAF Team, and adopted it as a basis of further discussions in the following weeks.

## **Conclusion:**

Overall, the 2013 Annual review was successful, carried out in good spirit, with fruitful discussions among key stakeholders, serving as an opportunity for the parties to reiterate their commitment to the partnership and its objectives, as well as to openly and jointly identify challenges and solutions. **The overall assessment of PAF 2013 has been rated as satisfactory.**

# TANZANIA

## 2013 ANNUAL REVIEW OF THE GENERAL BUDGET SUPPORT

### 1.0 OPENING SESSION

#### 1.1 Date, Venue and Objectives

The Annual Review of the General Budget Support in Tanzania was held on Monday, 18<sup>th</sup> November, 2013 at the Julius Nyerere International Convention Centre in Dar es Salaam, Tanzania.

The meeting brought together key stakeholders from both the Government and GBS Development Partners with the objective of reviewing each other's performance over the year 2012/13 in implementing the agreed actions. The event is an important milestone in the GBS annual calendar and is governed by the *Partnership Framework Memorandum (PFM)* of May 2011. The PFM specifies the *principles and terms of cooperation* between the Government and GBS-DPs regarding the provision of GBS.

#### 1.2 Opening Statements

##### **Statement by the Permanent Secretary – Ministry of Finance:**

Welcoming the event's participants at the commencement of the opening session, the Permanent Secretary to the Ministry of Finance, Dr. Servacius Likwelile, in a statement read on his behalf by Prof. Adolf Mkenda (Deputy Permanent Secretary, Ministry of Finance), thanked the outgoing GBS Chairman for his cooperation and support in steering the process throughout the year, and appealed for the participants' engagement and constructive contributions at the meeting. He also welcomed the incoming chairperson, and expressed belief that the smooth cooperation will be sustained under her leadership. In conclusion, he stated the Government's commitment to implementing commitments in the PFM and agreements in the PAF. He appealed to all parties to take the opportunity to constructively engage with each other, saying that such open and positive engagement was critical for sustaining the mutual trust and commitment to the partnership.

##### **Statement by the DPs' GBS Chairman:**

The Chair, His Excellency Lennarth Hjelmåker, the Ambassador of Sweden, thanked the Government, other DPs and the GBS Secretariat for the cooperation extended to him throughout the year. He observed that DPs noted the Government's preference for GBS, as a predictable modality of aid delivery. In recognition of this, DPs are willing to use the instrument in Tanzania, and Tanzania is still one of the largest recipients of GBS in the world. During 2012/13, GBS disbursements amounted to USD 584 million against commitments for USD 495 million, only two thirds of the resources were disbursed during the first quarter, and two (2) of the fifteen (15) GBS disbursements were delayed.



He expressed the DPs' satisfaction with the conclusions of the Independent Evaluation of GBS in Tanzania which had confirmed that the aid modality delivers tangible development results, and allows the Government to spend more on priority areas. He expressed DPs' commitment to work with the Government on the evaluation's recommendations, while recognising the need for flexibility and allowing the instrument to respond to specific development challenges.

He reiterated the DPs' support to the BRN initiative, as it offers the opportunity for stronger prioritisation and enables the Government to pursue specific sequenced results with clear delivery accountability.

Noting that the overall results as measured by the PAF 2013 were weaker than in previous years, he recorded a concern that 2014 funding commitments and disbursement by the DPs could be affected and performance tranches not released in full., he pointed out that good progress had been recorded in a number of areas, including the higher proportion of districts with 3 or more nurses and midwives per 10,000 inhabitants (which exceeds the target), continued successful decentralization of management of natural resources, further improvements in budget transparency and procurement practices and the accreditation of Tanzania as an EITI compliant country. However, against these positive achievements, progress still remains slow in other areas.

The Chair was pleased that the November, 2013 Joint DPs' Assessment of the status of the five Underlying Principles as outlined in the PFM had established that the Government was committed to the principles. He urged the Government to take corrective action in the areas where progress was not as fully satisfactory, particularly macroeconomic and budget policies, slow progress in poverty reduction, provision of equitable and quality services, and accountability including freedom of the press. The importance of progress in the fight against corruption was also stressed. He noted that these issues would be discussed further with the Government, with a view to identifying and supporting solutions.

Going forward, he pointed to three important developments: Tanzania's increasing capacity to raise domestic revenue, the changing nature of the GBS instruments following international debate and evidence on the ground, and the Government's BRN initiative which links very well with the growing international focus on results in aid management frameworks.

### **Statement by the Minister for Finance**

The 2013 GBS Annual Review Meeting was opened by Hon. Saada Salum Mkuya (MP), the Deputy Minister for Finance who delivered the opening statement on behalf of the Minister for Finance. In addition to commending the parties involved in preparations for the meeting, the Minister welcomed the opportunity to review the results of the parties' (GOT and DPs) cooperation. He reiterated the Government's continued preference for GBS as an instrument for aid delivery, citing its compliance with Tanzania's Constitution, transparency, accountability, minimal transaction costs, and contribution to the strengthening of the country's public financial management systems as some of the reasons for the preference. In this regard, he reiterated the Government's commitment to address any challenges encountered in this process, and ensure smooth operations of the instrument. He welcomed the fact that a recent Independent Evaluation of GBS had concluded that the instrument had indeed had a positive contribution to the poverty reduction effort and strengthening of PFM.

The Minister expressed the Government's intention to follow ongoing reforms in the PFM area through, including by critically examining recommendations from analytic studies on public private partnerships, public investment, and local government reforms with a view to developing and implementing action plans. He further noted the emphasis is being placed on prioritisation of Government interventions and effective implementation of agreed initiatives, which are the themes of the recently adopted Big Results Now (BRN) Programme. The BRN Programmes' objective is to oversee, monitor and evaluate the implementation of the Government's development plans and programmes based on Malaysia's Big Fast Results (BFR) approach with a view to accelerating Tanzania's accession to the middle income status envisioned in Tanzania Development Vision 2025.

The Minister stated that, consistent with acknowledged Aid Effectiveness Principles and after reflecting on the experience from the last three years, the Government intends to align and merge the calendars and processes under the Public Expenditure Review, GBS, and Poverty Policy Week programmes in order to reduce transaction costs associated with the multiple aid-related dialogue processes.

## **2.0 PERFORMANCE ASSESSMENT FRAMEWORK 2013**

### **2.1 Introduction**

The preliminary status of implementation of the actions agreed in 2012 and included in the performance assessment framework (PAF) matrix for 2013 was presented by Mrs. Dorothy Mwanyika, Deputy Permanent Secretary, and Ministry of Finance. She emphasised the role of the PAF as a mutually agreed instrument for monitoring progress towards the partnership's objectives. In addition to the PAF actions, she reiterated the importance of complying with the broader commitments enumerated in the PFM, including the underlying principles, as these were the foundation of meaningful and sustainable development. The PAF 2013 with final, agreed rating is attached hereto as **Annex 4**.

### **2.2 Structure and Overall Status of PAF 2013**

The PAF consists of Key Policy Actions (KPAs) and Outcome Indicators (OIs). KPAs are specific actions with annual milestones that the Government commits itself to complete by a specified date before the GBS Annual Review. Outcome Indicators, on the other hand, measure broader outcomes in the Government priority areas and in most cases are taken from the MKUKUTA Monitoring System. The PAF 2013 comprises of twelve (12) Key Policy Actions, thirty seven (37) Outcome Indicators for the Government, and two (2) Outcome Indicators for DPs. On the basis of the preliminary results available, overall rating of implementation was **Satisfactory**. Challenges persist in the outcome indicators where achievement remains below expectations. Reasons for low performance in the water sector included climate change, limited funding due to budgetary constraints, and limited time span for measuring outcomes especially where interventions require longer times to register noticeable impact on the ground.

### **2.3 Status of implementation of Key Policy Actions (KPAs)**

Of the twelve (12) KPAs, eight (8) were achieved, four (4) were not achieved. The **achieved** KPAs related to implementation of intermodal transport measures to ease movement of goods to and from the Dar es Salaam Port; putting in place an integrated land management information systems in the Northern and Eastern zones; validation of Tanzania as an Extractive Industries Transparency Initiative (EITI) compliant country; implementation of key recommendations from the case flow

analysis and roll out case flow/work reforms; streamlining and rationalizing the national systems and processes for Inter-governmental transfers to LGAs, and strengthening institutional public investments management and Public Private Partnerships to ensure that public investments and projects are selected based on proper economic and financial assessment.

The four KPAs **not achieved** involved Interfacing the Central and Local Government ICT systems with technical control and new software acquisitions, with central coordination; enhancing domestic revenues (tax and non-tax) mobilization with better transparency and business environment (specifically, milestone for 2013 were the submission of tax administration act to Parliament, finalise study on non tax revenue, and submission of new VAT Bill to Parliament); Implementation of the Pay and Incentives Strategy (milestone for 2013 was to incorporate pay and incentive scheme in 2013/14 Budget) and strengthening institutions of public private partnerships (PPP).

## **2.4 Status of Outcome Indicators**

The rating shows that Fifteen and a half (15.5) of the thirty seven (37) outcome indicators have been achieved, Fourteen and a half (14) were not achieved, and seven (7) were not assessed due to lack of an agreed methodology. The achieved indicators included those related to agricultural growth, food self-sufficiency, installed electricity generation capacity, power plant availability, population access to nurses and midwives, and total enrolment in degree programmes. Those not achieved include credit to the agriculture sector, village land use planning, Std VII and Form IV pass rates, and the proportion of births taking place in health facilities. On the other hand, targets related to head count ratio for basic needs poverty, % of the population with access to electricity, availability of tracer medicines at dispensaries and health centres across Councils and percentage of population with access to grid electricity were not assessed.

On the DPs side, one (1) Outcome indicator (% of Budget Support disbursed within the first quarter of the fiscal year) was achieved, and the other (% of budget support disbursed at the latest during the quarter indicated in the disbursement schedule agreed at the time of confirmation of commitment) was not achieved.

## **2.5 Discussion and Way Forward**

In discussing the reported results, it was emphasised that assessment had not been fully completed at the time of the Annual Review, and the reported status was therefore provisional. The parties indicated the intention to complete the rating immediately after the meeting to allow inclusion of an agreed assessment in the Review Report. Emphasis was also placed on the need for agreeing on few but powerful indicators with clear assessment criteria and methodology at the time of selection for each agreed indicator in order to avoid disagreements at the time of assessment of performance. This was particularly important as the final results have funding consequences (the performance tranches), and failure to assess the status or results of implementation of an agreed action will add to the challenges of resource predictability. In addition, the vision should be to make the PAF a powerful instrument for monitoring results that are priorities of the Government. The need to maintain the Poverty Reduction Budget Support (PRBS) Account as the channel for all budget and sector support resources, as a means for addressing the funding challenges for agreed actions, was also emphasised. The growing importance for results was noted as increasingly taking a centre stage of GBS discourse and likely to impact on the design of the instrument.

On basis of the Annual Review conclusions and directives, subsequent assessment of the PAF 2013 indicates the following results: eight (8) KPAs are rated as **ACHIEVED** while four (4) KPAs were **NOT ACHIEVED**. On the Outcome Indicators 16.5 (including one DP indicator) have been assessed as **ACHIEVED**, 15.5 (including one DP indicator) OIs have been rated as **NOT ACHIEVED** and 7 were **NOT ASSESSED**. The overall assessment of PAF 2013 has been rated as satisfactory.

### **3.0 RAPID BUDGET ANALYSIS 2014**

#### **3.1 Background and Objectives**

The Government budget is a critical document for budget support, as it sets out projected expenditure and therefore, if executed as planned, has key implications for fiscal management. Each year, the Government refreshes the statement about the objectives of its budget policies, including how they are aligned to the medium and long term objectives of social development and poverty reduction. Budget Analysis is then undertaken to assess the extent to which the approved and executed budgets reflect these intentions. The analysis then recommends measures for further improvement in the application of budget policies to achieve the country's medium and long term developmental goals.

Like in previous years, the 2013 Rapid Budget Analysis was based on GoT data, and jointly undertaken and presented at the review meeting by the Government and Development Partners (the World Bank). The report covered execution of the 2012/13 budget, and the approved 2013/14 budget, which is currently being executed.

#### **3.2 2012/13 Overall Budget Execution**

The top line objectives of the 2012/13 budget included sustained economic growth and inflation control. These twin objectives were to be pursued through targeted investment in essential growth supporting infrastructure while scaling down domestic financing of the budget. The joint analysis of the execution figures suggest good macroeconomic performance, as GDP growth reached 7% during 2012/13 and inflation declined to 6.3% as of October 2013 compared to 13.5% the year before. However, there has been significant fiscal slippage as the Government missed its fiscal deficit target of 5.5 % of the GDP to close the year at 6.2 % of GDP. The fiscal performance was mostly driven by reduced non-tax revenues and lower than expected VAT and import duty collections that could not be offset by a slight reduction (0.8 % of GDP) in the level of tax exemptions granted relative to the level in 2011/12.

The fiscal results for 2012/13 also reflect an increase in public spending by 0.7 % of GDP compared to 2011/12. The relative share of recurrent spending increased from 64% to 68 % of total expenditure, and development spending decreased from 36% to 32%. This can be attributed to inadequate planning and poor execution of foreign financed projects. There was a significant reallocation of resources throughout the year in favour of locally funded development projects and TANESCO driven mostly by one-off but significantly large expenditures in the power sector.

Some changes were also observed in the sources of financing for the budget, the most notable of which relates to official aid which, although constant in absolute terms, had its contribution decline

to only 5.2 % of GDP compared to the almost 10 % in 2007/8. Non-concessional borrowing rose by 3.0 % of GDP in 2012/13 (excluding on lending to public enterprises and agencies).

### **3.3 2013/14 Approved Budget**

Driven by ambitious collection targets for domestic revenue, the 2013/14 budget aims to reduce the fiscal deficit from 6.2% to 5% of GDP. The revenue target would reach 20.9% of GDP, up by 3.1% of GDP during the year based on a combination of new taxes, higher tax rates, and improved collection efforts. However, tax revenue collection was 10% below target during the first quarter of 2013/14, and the fiscal targets for the year may need to be revised downwards.

On the expenditure side, the budget reflects further increases to over 30% of GDP driven mainly by 2.1% of GDP increase of the wage bill (including parastatal PE, pension, and allowances driven by higher wages and new recruitment); a 0.3% of GDP increase in interest payments on public debt to reach 1.8% of GDP in 2013/14 mainly driven by increased interest payment on foreign debt; and a 1.1% of GDP increase in development spending following the Government's investment programme in priority sectors, particularly the BRN NKRAAs.

As with preceding years, resource allocation in the approved 2013/14 budget is well aligned with priorities of national strategies. However, there is a notable underfunding for the Big Results Now initiative whose aim is to accelerate the achievement of results in six priority areas (NKRAAs).

The budget is also characterised by rising debt and debt service, with the stock of public debt projected to reach 48 % of GDP by the end of the year and debt service (excluding amortization of domestic debt) expected to be as high as 2.5 % of GDP compared to 1.8 % in 2012/13. These figures point to a declining fiscal space, which needs to be carefully managed.

### **3.4 Messages from sector budgets**

Presenting results from selected sectors, it was noted that the education sector recorded better execution in 2012/13, reaching 94% of the approved budget compared to 79% in the preceding year, although it continues to be characterized by significant disparity of funding across districts. This tends to perpetuate unequal sector performance among districts. The share of budget allocation to education sector declines to 19.6% in 2013/14. For 2013/14, transfers to LGAs in the education sector are expected to increase on account of an increased wage bill and development spending in the sector.

The health sector recorded strong budget execution too in 2012/13, reaching almost 90 %. However, the 2013/14 approved budget of 8.7% of total expenditures for the health sector represents a significant decline compared to 2012/13. Furthermore, the district inequality in health block grant distribution amongst LGAs remains substantial.

The water sector continued to experience low budget execution, spending only 56% of the approved budget in 2012/13. The share of public resources going to the sector in the approved 2013/14 budget is projected to decline further to 4.3% but locally funded development spending increases.

Agriculture recorded a decline in budget execution, from 78.5% 2011/12 to 69.6 % in 2012/13. In 2013 the sector's share declines to 3% from 4%. The sector's budget is dominated by allocations for

the inputs subsidy program and the National Food Reserve Agency, leaving limited resources for other programmes.

Expenditure programmes in the energy sector continued to be driven by the high cost of emergency power supply contracts (EPCs) and the consequent transfers to TANESCO to mitigate the burden. During the year 2012/13, the sector's recurrent expenditures were 370 % higher than the approved budget while development expenditures were 53 % lower than the approved budget. In 2013/14, spending in the sector is projected to increase further, driven by both the costly EEPs (including clearance of arrears) and scaled up investment in line with the BRN programme.

Consistent with the Government's resolve to scale up investment in transport infrastructure, the transport sector recorded overspending by more than 50% of the approved budget mostly on account of payments to certified roads construction works to clear arrears. Nevertheless, the sector continues to be characterised by large outstanding payments to contractors. The 2013/14 budget includes a significant increase in allocation for the sector related to planned investment in the roads, railways and ports subsectors that are prioritized in the BRN programme.

### **3.5 Emerging Fiscal Risks**

The 2013/14 fiscal programme faces a number of challenges including the revenue target that is set to increase by 3.1% of GDP from the level recorded in the preceding year. The risk is aggravated by delays in implementing some new taxes and a continued relatively high level of tax exemptions. The deviation in revenues will have to be offset by lower spending.

The electric power subsector is another source of significant fiscal risk as TANESCO's heavy reliance on emergency power suppliers continues to hold its cost of producing electricity higher than the revenues derived from its sale and the gap between costs and revenues continues to be met partially by commercial borrowing by TANESCO and transfers from the central Government budget.

Additionally, the Central Government has accumulated significant arrears, especially from its roads investment programme where accumulated arrears are estimated at around USD 240 million as of end June 2013 and government arrears with PSPF that were estimated at USD700 million by end of 2012.

In the medium term, the fiscal risk profile is considered moderate, as Tanzania has a relatively low public debt measured by all standard debt sustainability indicators. However, the fiscal space is closing rapidly.

### **3.6 Discussion and the Way Forward**

In the discussion that followed the joint presentation, it was noted that the lower than expected revenue outturn was driven mostly by underperformance by non-tax revenues, and led to a higher than planned fiscal deficit. The Government expressed commitment to increase its revenue collection effort. The Government also clarified that it was aware of developments in public debt relative to her borrowing space, and that a recent debt sustainability analysis had indicated the presence of substantial headroom for Tanzania's debt sustainability. Nevertheless, accumulation of expenditure arrears was pointed out as a growing challenge with significant fiscal risk implications

and requiring a structured response or strategy, especially when arrears in the road sector and debt service to domestic creditors are considered.

Regarding the composition of expenditure, it was pointed out that emergence and non-recurring expenditures – particularly the TZS 320 billion transfers to TANESCO to cover payment arrears to emergency power producers (EPP), higher interest charges, TZS 623 billion expenditure on population census, the Constitutional Review Process, and the National ID project - were the main drivers of intra-year reallocations and the reversible change in the relative share of recurrent and development expenditures. The Government reiterated the commitment in the FYDP of development expenditure being at least 35% of the annual budget. It was also acknowledged that this commitment will be supported by the advent of the BRN programme that comprises mostly investment programmes.

It was reiterated that GBS is the GoT's preferred instrument for delivering and receiving aid. None of the aid delivery modalities is free of challenges and historical and international experience points to the superiority of GBS over the other instruments and modalities. Accountability and predictability of aid flows were mentioned as a key concern of the Government. Notwithstanding challenges of the GBS instrument, the positive results of GBS as highlighted by the recent evaluation should also be emphasised. The changing aid environment was seen as a good opportunity to make the GBS instrument more focused and strategic. The Government highlighted the need to address existing challenges in an open, honest and transparent way.

In conclusion, the Government appreciated the constructive contribution of the analysis and ensuing discussion, and expressed hope that the same would be deliberated upon further with all relevant stakeholders in the following months with a view to sustaining the strength of the country's fiscal management.

#### **4.0 DEVELOPMENT PARTNERS' ASSESSMENT OF THE UNDERLYING PRINCIPLES**

##### **4.1 Background**

Observance of the underlying principles outlined in the Partnership Framework Memorandum (PFM) of May 2011 is considered critical for the continuation of GBS. The underlying principles set the scene and vision of the partnership, reflecting the aspired social and economic conditions expected to result from the Government programmes. The principles are:

- (i) Continuing sound macroeconomic policies and management;
- (ii) Commitment to achieving MKUKUTA II objectives and the Millennium Development Goals;
- (iii) Continually strengthened budgeting and public financial management systems;
- (iv) Continuing peace and respect for human rights, the rule of law, democratic principles, and the independence of the judiciary; and
- (v) Good governance, accountability of the Government to the citizenry, and integrity in public life, including the active fight against corruption in accordance with the laws of the United Republic of Tanzania.

Beginning in 2012, the GBS Development Partners decided to undertake yearly assessments of the status of the Underlying Principles and share the results with the Government. The objective is to establish a basis for dialogue on the principles and improve the dialogue generally. The Annual Review 2013 was the first formal exchange on the assessment and covered Underlying Principle 1: Sound Macroeconomic Policies and Management; Underlying Principle 2: Commitment to achieving MKUKUTA II objectives and the Millennium Development Goals; and Underlying Principle 3: Continuing strengthening of the budgeting and public financial management systems. It was further noted that anti-corruption, which is a key dimension of Underlying Principle number 5, is being discussed in the on-going high-level dialogue on anti-corruption, with the latest meeting held on 18<sup>th</sup> October, and the next anticipated to take place in January/February 2014.

Overall, the assessment found GoT to be committed to all UPs (1 – 3), with concerns regarding emerging risks in the fiscal area and slow progress in poverty reduction. Concerns were also raised regarding equity and quality of social service delivery and the inclusiveness of economic growth. The Government is commended for this performance and for positively responding to this first round of dialogue on the UP assessment which was seen as a positive step forward towards improving on the dialogue.

#### **4.2 UP 1: Macroeconomic Policies and Management**

The review acknowledges Tanzania's progress in relation to macroeconomic management that includes sustained positive economic growth averaging about 7% per annum over the past decade and low inflation at 6.3%. However, there are emerging concerns on the level of domestic borrowing and fiscal deficit, accumulation of expenditure arrears and contingent liabilities particularly in the social security subsector, and delayed enactment of the new VAT Act containing base broadening reforms.

#### **4.3 UP3: Budgeting and Public Financial Management Systems**

The review made reference to the 2013 Public Expenditure and Financial Accountability (PEFA) Report for Tanzania that noted continuing improvement, albeit slow, against a background of a number of weaknesses. Improvements were reported in the internal audit, payroll management, annual budget process, procurement oversight, and external audit functions. On the other hand, areas depicting weaknesses include credibility of the budget leading to accumulation of payment arrears, occasional non-compliance with internal control systems, fiscal risks posed by Public Authorities and Other Bodies (PA &OB), and weak follow-up on audit recommendations.

The DPs therefore propose the following issues for further dialogue with the Government:

- (a) Enhancing the credibility of the budget;
- (b) Strengthening the Office of the Treasury Registrar; and
- (c) Speeding up approval for key pending legislations relevant to PFM.

#### **4.4 UP2: Poverty Reduction**

It was observed that the policy environment for the GBS instrument is changing, with increased focus on results in addition to the core qualities of accountability, predictability, timeliness and strengthening of local PFM institutions. There is therefore a need to consider the changing planning



environment, including the incipience of the FYDP and BRN, when discussing commitment to MKUKUTA II under UP 2. Participants observed that, the discussion about underlying Principles should reflect the status on inclusiveness of growth, equity in resource allocation, and gender. It was observed that effective poverty reduction requires resolute action to address inequality, as the two are sides of the same. Particularly, there is need to consider medium to long term impacts on the micro foundations of sustained macro stability, including private sector development, employment, efficiency, and quality of service, and modifying the MKUKUTA II interventions accordingly. In this respect, the need for protecting the achievements made hitherto in the social sectors was also emphasised.

The Government informed the meeting that, as MKUKUTA II ends in 2015 and the FYDP I in 2016, its roadmap towards the Tanzania Development Vision 2025 is outlined in the Long Term Perspective Plan (LTPP 2011/12 – 2025/26) that charts out the three phases of transition towards the Tanzania Development Vision 2025. It was also emphasised that discussion on macroeconomic management and PFM should be permanent features of the dialogue, as they are the main link between the budget and the developmental impact sought in this partnership. In addition to the fiscal risks enumerated in the DPs' presentation, the risk associated with uncertainty of resource flows from domestic revenue, aid, and non-concessional financing has increased too, making budget execution very difficult and need to be given more attention. Finally, it was noted that the many ways to measure poverty on one hand and equity on the other should not create an impression of significant difference between the phenomena. The two (poverty and equity) are sides of the same coin and need to be considered concurrently.

Finally, the alignment of GBS as the preferred aid modality and BRN as a modality for Government delivery augur well with the emerging international focus on results in aid relationships. With the strong GOT/DPs partnership demonstrated in Tanzania, the two are easily aligned.

#### **4.5 Discussion and the Way Forward**

Overall, the assessment showed that the GoT is committed to the underlying principles. It was also noted that the tentative results of the recent household budget survey of 2012 indicate that the incidence of poverty had declined from 33% in 2007. Due to methodological reasons, the results of the current HBS are not comparable to earlier survey, and clear indications on poverty trends are therefore not yet available. It was however pointed out that non-income poverty has shown a clear decline in recent years. It was suggested that interventions through the Tanzania Social Action Fund (TASAF) be used to leverage Government effort and target specific pockets of extreme poverty in addition to improving equity in access to social services. The need to improve inclusiveness of growth, equity in resource allocation, and gender were highlighted as essential factors to be included in the discussion about underlying principles because they are at the core of the envisioned developmental outcome of the partnership. Although there are many ways to assess poverty, and for measuring equity too, the two (poverty and equity) are related and need to be considered as sides of the same coin. Similarly, the discussion on macro stability needs to include consideration of the medium to long term impacts on the micro foundations of sustained macro stability, including private sector development, employment, efficiency, and quality of service. Fiscal risks need to be carefully managed.

In relation to the commitment to poverty reduction and implementation of MKUKUTA II, it was observed that, as MKUKUTA II ends in 2015 and the FYDP I in 2016, the Government's vision is outlined in the Long Term Perspective Plan (LTPP 2011/12 – 2015/16) that charts the three phases of transition towards the Tanzania Development Vision 2025.

Regarding budget management, it was observed that uncertainty of resource flows from domestic revenue, aid, and non-concessional financing has made budget execution difficult and need to be given more attention. The need for better and more comparable data on poverty was highlighted. Participants also welcomed the ongoing work of drafting a Private Sector Development Strategy and the advent of the BRN initiative, although acknowledging limitations arising from lack of strong investment analysis in the later. The Government emphasised that the national budget is the main instrument for accountability, and it is therefore important to keep aid flows predictable and on budget.

Along with the challenges noted in the session on the budget, the following were proposed as possible areas for deeper discussion in the coming cycle:

- (a) Enhancing the credibility of the budget;
- (b) Strengthening the Office of the Treasury Registrar; and
- (c) Speeding up approval for key pending legislations relevant to PFM.

## **5.0 GBS JOINT EVALUATION AND JOINT ACTION PLAN**

### **5.1 Introduction and Objectives:**

The recommendations of the Joint GBS Evaluation and a resulting Joint Action Plan were presented by Prof. Adolf Mkenda, Deputy Permanent Secretary, Ministry of Finance. He pointed out that the Government and the GBS DPs had agreed to undertake an evaluation of GBS operations in Tanzania for the period 2006 – 2011. The objective of the exercise was to establish whether and how effective GBS and Sector Budget Support (SBS) have been in (a) contributing to sustainable results on growth and poverty reduction over the period; (b) providing the means to the Government to implement its national and sectorial strategies; (c) facilitating improvements in the design and implementation of these strategies; and (d) attaining successful outcomes and impacts on growth and poverty reduction.

The evaluation process was overseen by a joint Management Group comprising of GoT and DP representatives. The resulting report was presented in August 2013 through a dissemination workshop in Dar es Salaam and another one organized by the Evaluation unit of the European Union in Brussels where the Joint Action Plan was also discussed.

### **5.2 Key Findings of the Evaluation**

In assessing the relevance and effectiveness of the GBS and SBS instruments, regard ought to be given to the principal objectives of the Poverty Reduction and Growth Strategies (MKUKUTA), including economic growth, reducing the incidence of poverty, and improved access to basic social services. The evaluation established that, between the years 2000 and 2010, Tanzania's real annual GDP growth averaged 7%, which was above that of all its neighbours. GBS allowed public spending to be 13 % higher than it otherwise would have been, and improved funding predictability compared to

other modalities, although it could still be improved. The availability of GBS resources is also credited for the expansion of social sector staffing, non-salary recurrent spending in priority sectors such as Education and Roads, and of Development spending, too.

During the period, there was steady progress in the reform of the public financial management systems, including transparency and strengthening of the anti-corruption effort. As recorded in the HBS of 2007 and 2011, non-income poverty has also fallen.

The evaluation showed that GBS contributed to an increase in priority sector spending and significant improvements in particular in the education and health sectors. The evaluation concluded that the same results could not have been achieved using any other aid modality.

### 5.3 Recommendations on the Design and Management of GBS

The following recommendations for the design of the instrument emerged from the joint evaluation:

**Recommendation # 1.** Separate processes should be created for the “auditing” of minimum conditions for disbursement, on the one hand, and the wider review and discussion of progress in MKUKUTA and in key reforms, on the other.

**Recommendation # 2.** In order to avoid conflicts of interest and ensure a more streamlined assessment process, the “auditing” of the minimum conditions for disbursement of the fixed tranche should be undertaken through an annual, independent, process.

**Recommendation # 3.** A formal annual, independent assessment of compliance by DPs with their commitments under the Partnership Framework Memorandum should be introduced.

**Recommendation # 4.** The 12 existing Performance Tranches should be reviewed with a view to aligning their design to the assessment framework described above, and harmonising across providers so as to reduce transaction costs.

**Recommendation # 5.** In order to steadily improve the evidence base for policy dialogue, an on-going programme of policy evaluation and research work should be introduced to accompany the Budget Support dialogue, generating annual results of analyses similar to that undertaken as “Step Two” of this evaluation.

**Recommendation #6.** The Budget Support Secretariat should be fully relocated to the External Finance Department of the Ministry of Finance.

**Recommendation # 7.** The continuing suitability of the Troika and Troika Plus systems for coordinating the Budget Support Group should be formally assessed and a joint decision reached on whether to retain or modify this structure.

**Recommendation # 8.** Technical assistance and capacity building support should be provided to Government in order to assist with the reformulation of the assessment and dialogue process, and launch the proposed evaluation and research program.

It was reported that consultations are still going on between the Government and DPs on how best to implement Recommendation Nos. 1 and 2, and a high level meeting is planned for this purpose. Following the Joint Evaluation, and particularly Recommendation No 3 above, the parties have also agreed that the Government would conduct annual assessment of DPs’ compliance with the

Partnership Framework Memorandum and present the results at the respective GBS Annual Review meetings.

Following Recommendation No 4 above, the parties have agreed that Budget Support DPs would agree a common approach and harmonise the triggers for and timing of disbursement of resources under their respective performance tranches. In pursuit of this resolution, seven (7) DPs had already agreed to harmonize their tranches by the time of the submitting the firm commitments for FY 2013/14.

To achieve the objective of Recommendation No 5, there has been accelerated and continuing strengthening of the PER process, for it to serve as a tool to support the parties' shared quest for a more evidence-based and informed dialogue. Options are currently being considered on how best to implement Recommendation No 6 on relocation of the GBS Secretariat to the Ministry of Finance (External Finance Department). In the meantime though, agreement has been reached to strengthen the capacity of the GBS Secretariat, and the link between GBS and PER mechanisms. It was suggested that the 2014 study programme link with the risks highlighted in this annual review.

The parties are set to have dialogue on the best way to implement Recommendation No 7, the span of the Chairmanship of GBS Support Group, the levels of engagement, the size of representation on both sides, and the limits of engagement (the agenda). To implement Recommendation No 8, it is appreciated by both sides that assistance must be demand driven and based on realistic and evidence-based capacity gaps.

#### **5.4 Recommendations to the Government:**

For the Government, the Joint Evaluation has the following recommendations:

**Recommendation # 1:** Strengthen policy formulation in the areas that are of most strategic importance to the Government, by focusing analytical and policy formulation efforts more closely on priority areas.

**Recommendation # 2:** Engage with Development Partners to find innovative ways of utilising local and international technical assistance to address capacity weaknesses.

**Recommendation # 3:** Review the focus of the current Public Finance Management Reform Programme (PFMRP IV) so as to find ways of addressing the continuing weaknesses in budget formulation, budget execution, financial reporting and control of contingent liabilities.

It was reported that a strengthened PER process in combination with the PAF reforms currently being pursued, would go a long way to meeting the objective of Recommendation No 1. As to development of sustainable national capacity for strengthening national ownership, the Government stated its aim of concentrating on building local capacities and have DPs to provide demand driven TA managed by Government. The parties have agreed to take stock of existing capacity gaps as a first step for developing a strategic plan for capacity development in relevant Government institutions. The Ministry of Finance has been identified as a pilot Ministry in this respect, and Government and DPs are currently considering the timelines for this initiative in the context of the Public Financial Management Reform programme (PFMRP). Together, these initiatives would when implemented address the gap that is the focus of Recommendation No. 2.

As for Recommendation No 3, it was noted that the PFMRP annual evaluation arrangements provide opportunity for identifying actions for improvement of the PFM system.

## **5.5 Recommendations to Development Partners**

For DPs, four (4) recommendations resulted from the joint Evaluation as follows:

**Recommendation # 1:** Design policies and strategies on the use of different aid modalities, based upon the available evidence regarding their relative effectiveness.

**Recommendation # 2:** Define and disseminate realistic operational expectations, regarding the potential contribution of Budget Support processes to policy making and monitoring organs in partner governments.

**Recommendation # 3:** In order to maximise opportunities for effective dialogue, DPs should ensure that operational practice on Budget Support respects the principle of partnership and limits the use of “conditionality” and “policy leverage”.

**Recommendation # 4:** The aid portfolio and the corresponding framework of staffing and consultancy support should be managed so as to create areas of expertise to support effective policy dialogue.

It was reported that the design of a new GBS instrument on the DPs side is ongoing, thus addressing Recommendation No 1. Specifically, the AfDB, DfID, Denmark, EU, Finland, Ireland, Sweden, and the World Bank were reported to be at advanced stages of formulating new Budget Support instruments and the Government had provided inputs to the processes. It reiterated the position that GBS is the most preferred aid delivery modality. In relation to Recommendation No 2, it was reported that the parties have already jointly agreed to have a slim, strategic, and result oriented PAF, and had set themselves a target of limiting the 2014 PAF and beyond to no more than 10 smart indicators representing top Government priorities. A joint team was appointed in August 2013 to oversee this process. The PAF 2014 which was part of the AR2013 discussions is an output the team.

The Partnership Framework Memorandum captures well the principles of the partnership as a basis for effective dialogue. It is therefore to be expected that the agreed annual assessment of compliance with the PFM’s Underlying Principles will continue to address the challenges at the foundation of Recommendation No 3. The same is addressed in the DCF document currently being jointly prepared by the parties. Pursuant to Recommendation No 4 above, the DPG Secretariat has been tasked to take charge of mapping, improving and aligning the DP division of labour (DoL), while the Government and DPs then develop options for the structure of sector groups, dialogue formats and GBS governance in the context of revising the Development Cooperation Framework.

## **6.0 PERFORMANCE ASSESSMENT FRAMEWORK 2014**

### **6.1 Guiding Principles**

The PAF 2014 was presented by Mr Ezamo .S. Maponde on behalf of the Strategic PAF 2014team. He reported that, in developing the PAF, the team was guided by several principles including focus on Government’s top priorities, having a realistic and robust assessment method, being results oriented,

and aligning to DPs performance payments. The proposed PAF 2014 is strategic and slim, with only one (1) Key Policy Action to replace 12 such actions in the preceding PAF, and ten (10) Outcome Indicators against thirty eight (37) such indicators in the 2013 PAF. No DP indicator had been agreed to replace the two (2) from the preceding year at the time of the review. The draft PAF 2014 presented by the Strategic PAF 2014 team is appended as **Annex 7. Annex 7A** is the version of the Draft PAF 2014 as of the date of completing this report.

## **6.2 Discussion and the Way Forward**

Participants commended the improved strategic focus of the proposed PAF 2014, particularly the significant reduction in the number of indicators and alignment with BRN (in Energy, Transport, and Water Sectors).

Referring to ongoing changes to the GBS instrument, the DPs' GBS Chair observed that the PAF 2014 is most probably a "transition PAF" as further changes in the structure and role of the PAF are likely. He was of a view that further work on the draft would be needed in the following days to finalise the PAF, including (a) openness to identification of a limited number of additional indicators; (b) wording of some of the proposed indicators, including the indicators on food self-sufficiency and TANESCO revenue; (c) agreement on the methodology for measurement of the indicators; and (d) ensuring that all targets are realistic and achievable, especially as they would all be linked to 'performance tranches' in the new GBS structure. He hoped that this further work would be finalised latest by January 2014.

It was agreed that there would be a meeting to discuss the 'transition PAF' and forward looking strategy for budget support including what the end point of the transition would look like. The World Bank and DFID both highlighted that they are moving to sectorial budget support away from general budget support. The EU together with Sweden, Finland, Denmark and Ireland recently commissioned a joint design mission to look into options for future Budget Support programming with a stronger results focus.

The need for the PAF to function as basis for focused policy dialogue in the new GBS environment while retaining the essential elements of the present GBS arrangement - including reduction of transaction costs, alignment with Government priorities, and in-year predictability - was emphasized by all parties. Equally important is alignment between the sectorial and broader dialogue on overarching issues relevant to the GBS objectives. The meeting to discuss the forward-looking strategy in January will be key to make strategic decisions going forward.

## **7.0 CLOSING SESSION**

### **7.1 Statement by the GBS Chair**

The GBS Chair commended the Government and DP colleagues for a successful Annual Review Event, citing the open and constructive discussions as the solid foundations that enabled a number of agreements that had seemed difficult to be reached. He noted that agreement had been reached on most of the 2013 PAF indicators, with a clear way forward for reaching agreement on the remaining 4 KPAs in the following weeks. Agreement had also been reached on the framework proposed by the PAF 2014 team, as a basis for agreeing on indicators that will ensure that PAF 2014 will remain

relevant and serve as a joint platform for dialogue on strategic issues over the coming year. This process should be completed by January 2014. He also commended the Government's thoughts on the recommendations and the draft Joint Action Plan, and expressed optimism that the two sides would work to fill in the remaining gaps, especially regarding the critical issue of improving the dialogue and continue to take the necessary steps towards the reformed budget support.

On behalf of the GBS DPs, he welcomed the Government's plans announced by the Minister for Finance in his Opening Statement to have a harmonised Annual National Policy Dialogue bringing together the Annual PER Review, Annual GBS Review and the Annual National Poverty Policy Week beginning next year.

## **7.2 Closing Statement by the Deputy Minister for Finance**

The 2013 Annual Review was closed by the Deputy Minister for Finance Hon. Janet Z. Mbene (MP), on behalf of the Minister for Finance. The Minister commended the participants for the candid, open, and constructive discussion during the one day event, saying it demonstrated the commitment to seek ways for Tanzania to achieve faster and better shared economic and social progress. She expressed the Government's intention to address the key issues raised at the meeting, including working with the DPs to improve the dialogue based on mutual trust and focused on substance at different levels, addressing the challenges encountered in the implementation of the budgets as highlighted by the Rapid Budget Analysis (RBA), increasing the extent of inclusiveness of growth, improving access to services, implementing tax reforms, improving the fiscal deficit, managing domestic borrowing and improving social indicators particularly maternal and child mortality. She further noted that the 2013 GBS evaluation had confirmed that the instrument was the most effective way for delivering development assistance and urged the parties to earnestly address the challenges to the GBS in order to make General Budget Support work better and attract more Development Partners.

**Annexes:**

- Annex 1: Welcoming Remarks by the Permanent Secretary, Ministry of Finance.
- Annex 2: Welcoming Remarks by the GBS DPs' Chair.
- Annex 3: Opening Statement by the Minister for Finance.
- Annex 4: Performance Assessment Framework 2013.
- Annex 5: Synoptic Note – Rapid Budget Analysis 2013.
- Annex 6: Joint Government and Development Partners Action Plan
- Annex 7: Joint Donor Assessment of Underlying Principles.
- Annex 8: Draft Performance Assessment Framework 2014.
- Annex 9: Sector Reports
- Annex 10: Closing Remarks By GBS DPs' Chair.
- Annex 11: Closing Statement by the Minister for Finance.
- Annex 12: GBS Annual Review 2013 Programme
- Annex 13: List of Participants



***Annex 1:***

**WELCOMING REMARKS BY DR. SERVACIUS LIKWELILE PERMANENT SECRETARY, MINISTRY OF FINANCE  
AT THE OPENING OF THE 2013 GENERAL BUDGET SUPPORT ANNUAL REVIEW NOVEMBER 18, 2013 AT  
THE JULIUS NYERERE INTERNATIONAL CONVENTION CENTRE, DAR ES SALAAM**

Honourable Ministers,  
Permanent Secretaries,  
Excellencies Ambassadors and High Commissioners,  
Excellencies Resident Representatives,  
Heads of Development Cooperation,  
Government Officials,  
Members of the Media,  
Invited Guests,  
Ladies and Gentlemen.

On behalf of the Government of the United Republic of Tanzania I have the pleasure to welcome you all to the 2013 General Budget Support (GBS) Annual Review. This meeting marks the end of the 2013 GBS annual review cycle. I wish to express sincere appreciations to the GBS Partners for their support during the year under review. Most of them were able to meet their commitments on schedule and whenever necessary, they provided valuable advice. I am optimistic this spirit will be sustained in future. Let me assure you that the Government will continue to fulfill its obligations as agreed in the Partnership Framework Memorandum (PFM) and in the Performance Assessment Framework (PAF).

Excellencies, Ladies and Gentlemen, as you will have noted from the programme circulated, the Annual Review will take only one day. The main objective of the review is to assess the Government and GBS Partners' performance against their respective commitments as stipulated in the Partnership Framework Memorandum and the Performance Assessment Framework.

The 2013 GBS annual review will have five main agenda items. First, there will be a presentation and subsequent discussions on the 2013 GBS-PAF implementation, including successes and challenges. Secondly, there will be a presentation and discussions of Rapid Budget Analysis. Thirdly, there will be a presentation and discussions of Conclusions from DPs assessment of the Underlying Principles. Fourth, we will have a presentation on GBS Independent Evaluation Joint Action Plan Implementation Status and Forward Looking Perspective. Finally, there will also be an overview of the PAF 2014.

As you can see, we have a heavy agenda to be covered in one day. I would, therefore, like to urge and appeal for your co-operation and commitment to the work ahead of us, in order to be able to achieve the intended output and outcome.

In our deliberations during this Annual Review meeting, Prof. Joseph Semboja and Mr. Mugisha Kamugisha will assist us as facilitators and rapporteurs of the 2013 GBS annual review.

Excellencies, Ladies and Gentlemen, before I conclude, I want to extend special thanks to my Co-Chair, His Excellency Lennarth Hjelmaker, Ambassador of Sweden in Tanzania, for guiding the 2013 GBS annual review cycle. On the other hand, I want to welcome the incoming Co-Chair; HE the Ambassador of Finland. I look forward to strengthening Partnership under the new leadership. I would also like to take this opportunity to thank the Sector Working Groups and the GBS Secretariat for the hard work that they have put in the preparation and facilitation of this year's GBS annual review meeting.

Excellencies, Ladies and Gentlemen, I would now like to invite my Co-Chair His Excellency Lennarth Hjelmaker to make some opening remarks before I welcome the Honourable Minister for Finance Dr. William Mgemwa (MP) to deliver his opening remarks and to officiate the opening of the 2013 GBS annual review meeting.

I thank you all for your attention.

**Opening Statement at the 2013 GBS Annual Review by  
Lennarth Hjelmåker, Ambassador of Sweden and Chair of the PRBS Group of  
Development Partners in Tanzania**

Honorable Minister of Finance of the United Republic of Tanzania,  
Honorable Minister of Finance of the Revolutionary Government of Zanzibar,  
Permanent Secretaries,  
Ambassadors,  
Ladies and Gentlemen;

As GBS Chair, I want to thank the Government of Tanzania for the good cooperation during the past year, in particular with colleagues from the Ministry of Finance but also all other colleagues engaged at sector level. Together we have covered some ground during a period where we have engaged in dialogue on how we could make even better use of the budget support modality. I would also like to extend thanks to our Development Partner colleagues for the good cooperation and support that they have provided.

Direct financial support is meant to strengthen Tanzania's own efforts in the continued fight to make daily life better for the Tanzanian people. Tanzania is still one of the largest recipients of General Budget Support in the world, this year (2013/14) amounting to 560 Million US Dollars. General budget support remains the Government's preferred and the most predictable aid modality.

Last year Development Partners largely fulfilled obligations in line with their current agreements. For 2012/13 a total of 584 Million USD was disbursed against the 495 Million USD committed. Two thirds were disbursed within the first quarter. Out of the 15 disbursements two were delayed.

Today we meet for the Annual Review, where we jointly assess the results of our collaboration for growth and poverty reduction, and discuss the development of a new performance assessment framework for the coming year. This review takes place against a background of a changing aid relationship and international development policy. We therefore welcome the opportunity to discuss with you the further evolution of our partnership with Tanzania. The Annual Review with its double perspective, both backward and forward looking, plays a central role in the GBS cycle. I am pleased that today's agenda allows us to address these important elements of our development relationship.

Looking back at the past year, we are pleased that the Independent Evaluation of GBS in Tanzania confirmed that the aid modality does deliver tangible results and allows the government to spend more on development, namely health, education, water and infrastructure. Also, it has helped to reduce non-income poverty and contributed to positive results in education and other key sectors. However, the evaluation also pointed to a number of areas where the instrument needs reform. Special mention was

given to the dialogue between government and development partners on different levels and the need to focus it on finding solutions for development challenges. We are committed to create the much needed constructive environment between Government and Development Partners and give the dialogue the place it deserves, at the center of our cooperation.

We reiterate our support to the Big Results Now-approach which aims at reaching targets in the areas of: **Energy and natural gas; Agriculture; Water; Education; Transport; and Mobilization of resources.** We appreciate that the initiative offers the opportunity for stronger prioritization and enables the Government to sign up to a set of sequenced results, with clear accountability to deliver within different parts of Government. We need to continue working together to improve the quality and timeliness of data, so that performance of the government can be assessed in a transparent manner - first of all by its own citizens and secondly by its Development Partners. Tanzania's renewed commitments to the Open Government Partnership and the Open Data Initiative can play an important catalyst role and help improve planning, implementation and accountability.

Last year's results of GBS as measured in the Performance Assessment Framework 2013 are overall weaker than in previous years, and this is a concern. Having said that some good progress is noted, including:

- Higher proportion of districts with 3 or more nurses and midwives per 10,000 inhabitants, exceeding the target.
- Continued successful decentralization of management of natural resource.
- Further improvements of budget transparency and procurements, including the accreditation of Tanzania as an EITI country.

Nonetheless, against these positive achievements, progress still remains too slow in other areas:

- Education: where both primary and secondary pass rates have dropped and the pupil teacher ratio (one of the performance tranche indicators) could not be improved as planned.
- Water: where more than half of the households in rural areas are still lacking access to safe and clean water.
- Energy: where the slow progress in restoring the financial health of the sector is not only hampering efforts to provide reliable access to electricity for the country's industry and citizens but also posing macro-economic risks.

As a consequence, the 2014 commitments and disbursements from DPs will be affected, as the performance tranches cannot be released in full.

Development partners agreed last year to develop a more robust assessment of the five Underlying Principles. As in April, we have shared the main conclusions of the November Assessment with the Government. Compared to previous assessments, we believe the new DP joint assessment offers greater transparency, more rigor, better quality and reduced transaction costs.

The latest Assessment concludes that the Government of Tanzania remains committed to the Underlying Principles outlined in the Partnership Framework Memorandum. But the assessment identifies a number of concerns related to macroeconomic policies including budget credibility, continued liabilities and arrears and domestic borrowing. Other areas of concern highlighted by the assessment are the commitment to MKUKUTA and MDGs where DPs remain concerned about the slow progress in poverty reduction and

provision of equitable and quality services. Further Government focus on improving the access to, and quality of, public services would be very welcome. DPs are also concerned about certain Human Rights issues, and, more generally, issues of accountability including the need to implement Government commitments related to the right to information and to protect and promote freedom of the media.

The Assessment also shows that a more active fight against corruption is needed. After positive signs in 2012-13, there has been stagnation in the fight against corruption, including a lack of movement on specific anti-corruption cases in key sectors like Health, the Port and Energy. It seems that there is still an underuse of administrative sanctions for petty corruption offences. We are keen to see better follow-up and implementation of recommendations of the CAG findings. We strongly encourage the Government to intensify results focused actions in this area and therefore welcome the renewed commitment to regular high-level dialogue on anti-corruption.

The UP Assessment identifies issues that we would like to discuss further with the Government in order to identify and support solutions. A number of issues arising from this Assessment will be pursued through sector dialogue.

Looking forward we note on the positive side that Tanzania is raising more internal revenue, and that dependence on donor funding is slowly decreasing. Informed both by a global debate and based on tangible local experience, the GBS modality has been changing, not only in terms of allocations, but also in its form and composition. On the development partners' side there is an increased strong focus on results based financing, for all aid modalities – including GBS. At the same time it is crucial to retain key elements of GBS such as its in-year predictability, government ownership and the joint dialogue.

The call for results goes hand in hand with today's discussions to increase efforts for tangible poverty reduction. The Annual Review offers an important opportunity to analyze how to deliver the most from the modality, while at the same time recognizing the need for results-based development. The call for results is about accountability, accountability to those in need. It is about transforming policies and plans into realities on the ground.

I already mentioned the important contribution made by the independent evaluation of GBS in Tanzania and the many recommendations resulting from it. Much effort has already been put into transforming these recommendations into concrete actions. These actions are reflected in the Joint Action Plan and include the call for more coordination in the design of future GBS in Tanzania. As you are aware several design missions have been here over the last months and have concluded that there will be changes to how budget support is delivered in the coming years including more performance based disbursements.

Navigating these changes successfully will be essential for budget support to remain an important aid modality in Tanzania. A number of DPs are adopting a more sectorial focus in their programmes and there is increasing emphasis on better linking funding to delivery of result using jointly agreed results frameworks.

Work with the Performance Assessment Framework 2014 constitutes a concrete example of the joint reform efforts. The PAF 14 should be more strategic; more focused with fewer but more powerful targets, more aligned with core GoT priorities as expressed in BRN. It should also ensure alignment between the sectorial and general dialogue. While the Underlying Principles will be the basis for commitment and disbursements of base tranches, the focused PAF will be the basis for performance based disbursements.

A further developed PAF, the Government BRN initiative and the development partners' joint UP assessment all are expected to help improve the dialogue and make it easier to communicate and visualize results for citizens.

Today we have an opportunity to discuss and debate key issues of mutual concern. Since transparency and accountability are core qualities of GBS, we very much welcome the opportunity to share the conclusions of this Annual Review meeting with other stakeholders at next week's Poverty Policy Week. For a sustainable development all actors are needed including civil society and the private sector.

Looking beyond 2015, Development Partners will be eager to see Government offer clarity on long term, pro-poor development policies, taking into account the lessons learnt from the implementation of MKUKUTA and the Five Year Development Plan as well as the latest thinking on the post MDG agenda.

Let me finish by saying that as GBS Development Partners we are looking forward to an open and constructive dialogue today at the GBS Annual Review and in the coming GBS year.

**OPENING SPEECH BY HON. SAADA MKUYA SALUM (MP), DEPUTY MINISTER FOR FINANCE, AT 2013  
GENERAL BUDGET SUPPORT ANNUAL REVIEW ON 18<sup>TH</sup> NOVEMBER 2013 AT THE JULIUS NYERERE  
INTERNATIONAL CONVENTION CENTRE,  
DAR ES SALAAM**

**Hon. Ministers;**

**Hon. Regional Commissioners;**

**Hon. Members of Parliament;**

**Permanent Secretaries;**

**Regional Administrative Secretaries;**

**Excellencies Ambassadors and High Commissioners;**

**Heads of Development Cooperation;**

**Representatives of the Private Sector;**

**Representatives of the Civil Society;**

**Members of the Media;**

**Invited Guests;**

**Ladies and Gentlemen:**

1. I would like to take this opportunity to thank you all for accepting our invitation. I also take this opportunity to warmly welcome you to the 2013 General Budget Support (GBS) Annual Review. During this meeting the Government and DPs will have the opportunity to discuss issues of common interest for the

development of Tanzania. I feel greatly honoured, therefore, to have this opportunity to officiate the opening of this year's GBS Annual Review meeting. I welcome you all.

2. The GBS annual review is indeed an important event that provides an opportunity for the Government and the GBS partners to assess Government and GBS partners' performance in implementing our mutually agreed commitments that are considered essential for Tanzania's growth and attainment of overall development and poverty reduction.
3. **Excellencies, Ladies and Gentlemen,** Much work has gone into preparations for this event. I would like to take this opportunity to thank all people who worked tirelessly to make this event happen. I would like to commend the Joint GBS Secretariat for the support and guidance provided to cluster and sector working Groups in monitoring the implementation of the 2013 GBS Performance Assessment Framework (PAF).
4. **Excellencies, Ladies and Gentlemen,** I also wish to commend the good work done by the Troika Plus, under the leadership of Dr. Servacius Likwelile, Permanent Secretary Ministry of Finance and His Excellency Lennarth Hjelmaker, Ambassador of Sweden in Tanzania and Chairperson of the GBS Development Partners Group in Tanzania. I have been made to understand that the 2013 GBS-PAF performance is encouraging despite the challenges encountered. We have, however, to aim for higher performance as we move forward. Let us take this as a challenge and work to achieve even higher results in 2014.
5. **Excellencies, Ladies and Gentlemen,** I wish also to thank the 12 GBS Development Partners for their contribution to the national budget. Let me assure you that the Government and the People of Tanzania value your time and support to this country's overall development efforts.
6. **Excellencies, Ladies and Gentlemen,** GBS is the Government's preferred aid modality which is consistent with the Government legal framework (The Constitution of the URT Chapter 7). Articles 135 and 136 on the control of the legislature on Public Finances, state that all revenues/ finances derived from various sources for the use of the Government shall be deposited in the Consolidated Fund and be appropriated by the



Parliament. The Public Finance Act also states that the Parliament should maintain control over public money and the Minister for Finance should provide full and transparent accounts to Parliament for the use of resources and public money. Only GBS does this.

7. ***Excellencies, Ladies and Gentlemen***, GBS, therefore, gives the Government full ownership over resource allocation in line with national priorities for the implementation of national policies, strategies, plans and programmes. GBS helps also to reduce transaction costs and facilitates harmonization among Development Partners, as all GBS Partners use a single system/ process for dialogue, review and assessment.
8. ***Excellencies, Ladies and Gentlemen***, despite these advantages we have also experienced challenges particularly, increase in transaction cost and conditionalities by DPs who are imposing performance tranches. I, therefore, want to assure you that the Government is fully committed in addressing those challenges for better implementation and attainment of results.
9. ***Excellencies, Ladies and Gentlemen***, an independent Evaluation of Budget Support to Tanzania was completed in August 2013. The study evaluated the General and Sector Budget Support operations undertaken in Tanzania from 2005/06 to 2011/12. The findings of the evaluation indicated that over the past 8 years, Budget Support has had an important influence on growth, on improved outcomes in the education sector and on improvements in non-income poverty. In relation to income poverty, the 2007 Household Budget Survey (HBS) estimated that the proportion of people living in poverty decreased from 35.6% of the population in 2001 to 33.3% in 2007. Steady progress was achieved in Public Finance Management (PFM) reform and in governance, especially the fight against corruption. I understand that the Government and GBS DPs agreed and developed an action plan to implement the recommendations of the evaluation with a view of improving the operation of the GBS financing instrument.
10. ***Excellencies, Ladies and Gentlemen***, The Government is implementing PFMRP Phase IV which aims at strengthening and improving public financial management in a more coordinated manner in order to meet the current fiscal policy challenges. There is good progress in implementation of this programme which is

evidenced by the improvement in the results-based management, program based budgets, accountability and performance audits, transparency and communication.

11. ***Excellencies, Ladies and Gentlemen***, The Government has established President's Delivery Bureau (PDB) for the purpose of strengthening performance management and delivery of results. Through this, the government committed to change and deliver big results now in the national key priority areas as stipulated in the Five Years Development Plan (FYDP). Assessment of performance is done monthly through the Transformation and Delivery Council (TDC) chaired by HE. The President.
  
12. ***Excellencies, Ladies and Gentlemen***, As you are aware, the Government and DPs revamped the Public Expenditure Review (PER) process whereby good progress has been observed by completion of two studies in Managing Tax Exemptions in Tanzania and National Agricultural Input Subsidies. Furthermore three studies are in progress namely Public Investment Management (PIM), Public Private Partnerships (PPPs) and Local Government Authorities (LGAs) Fiscal Inequities and the Challenges of "Disadvantaged" LGAs. The PER process intends to improve the Government budget process through increased transparency and accountability.
  
13. ***Excellencies, Ladies and Gentlemen***, Over the past three years, the government has been facing challenge of running three dialogues at the same time namely PER Process, GBS Annual Review and Poverty Policy Week. The Government aims to have one harmonized Annual National Policy Dialogue beginning next year for the purpose of reducing transaction costs and strengthening efficiency and effectiveness.
  
14. ***Excellencies, Ladies and Gentlemen***, I now declare the 2013 GBS Annual Review meeting officially opened and wish you fruitful discussions and deliberations.

**I thank you for your kind attention**

PAF 2013 IMPLEMENTATION STATUS	
KEY POLICY ACTIONS	
CLUSTER 1	Lead
<p><b>Implement intermodal <u>transport</u> measures to ease movement of goods to &amp; from Dar es Salaam Port</b></p> <p><b>2013:</b> - Increases pre-arrival lodgment system and cargo manifest reported into the ASYCUDA (Automated System for Customs Data) system to 95%.</p> <ul style="list-style-type: none"> <li>- Start implementing the action Plan Matrix for strategies for TPA to move to a landlord status</li> <li>- RAHCO/TRL investment programme and business plan approved by GoT.</li> <li>- Procurement for central line spot improvements and rolling stock purchases commenced.</li> </ul>	MoT
<p><b>Status: ACHIEVED</b></p> <ol style="list-style-type: none"> <li>1. The compliance ratio of pre-arrival lodgment of cargo documents has reached 95 percent.</li> <li>2. Five out of seven actions were either completed or initiated.</li> <li>3. The consultant, CPCS Transcom (Canada) submitted final investment and business plans. GOT was expected to approve them in September.</li> <li>4. TRL signed a contract with Electromotive Diesel of La Grange, Illinois for procurement of 13 locomotives in April 2013. TRL signed a contract with Engineering &amp; Industries LTD of India for procurement of 274 freight wagons in March 2013.</li> </ol>	
<p><b>Restoring financial health of the energy sector</b></p> <p><b>2013:</b> i) Energy subsidy policy proposal completed by MEM by September 2013 (draft 1 published), ii) In FY2014, Government shall use a combination of tariff increases, commercial borrowing, and government subsidies to cover the financing gap in TANESCO. Government subsidies shall not exceed 2.5 percent of total expenditures (excluding consolidated funds services, wages, and development foreign), iii) Government, and TANESCO as appropriate, have adopted concrete measures (including training, hiring transaction advisors if necessary, and completing necessary studies) to improve its technical and commercial capacity to develop PPP projects in the energy sector through transparent and competitive process, as well as to evaluate unsolicited proposals (where they have merits), including subjecting them to a competitive process.</p>	MEM
<b>ACHIEVED</b>	

<p><b>Put in place integrated <u>land</u> management information system in Northern and Eastern zones</b></p> <p><b>2013:</b> Complete the final 10% of the geodetic network and consolidation of all relevant information from all 6 sectors' registries</p>	MoLHSD
<p><b>Status: ACHIEVED</b></p> <p>The implementation of phase one of system design was completed in August 2013.</p>	
<b>CLUSTER 3</b>	
<p><b>Tanzania validated as an <u>EITI</u> compliant country</b></p> <p><b>2013:</b> 1) Tanzania is validated as an EITI-compliant country; (2) Domestic legislation institutionalizing EITI and establishing an enabling framework for EITI's operation is drafted and completes stakeholder consultation by October 2013.</p>	MEM
<p>Tanzania was declared Compliant with the EITI Standard on December 12th, 2012. A legal consultant was engaged in June 2011 to prepare TEITI legal framework after identifying areas in the existing law which hamper the implementation of TEITI. Two workshops were conducted in the process: The first workshop was held on September 23rd, 2011. The second workshop was conducted on March 23rd, 2012 to review and provide feedback to the proposed draft TEITI legal framework before the Study was finalized in August 2012. Following the Study, the Office of Attorney General (AG) and the legal unit at the Ministry of Energy and Minerals (MEM) assisted in preparing Draft Sections of the Proposed TEITI Legal Framework. The Multi-Stakeholder Working Group overseeing EITI implementation in Tanzania (MSG) held five sessions on September 12th, October 17th, November 1st, November 23rd, and December 14th, 2012. MSG has shared the Draft Legal Framework with peer EITI implementing countries which already have EITI legislation.</p>	MEM
<p><b>Status: ACHIEVED</b></p>	
<p><b>Implement key recommendations from the <u>case flow</u> analysis and roll out of case/work flow reforms</b></p> <p><b>2013:</b> Roll out the key non-policy recommendations emanating from Case Analysis Report to the following courts: High Court Bukoba, High Court Dodoma, High Court Labour division and RMs Court Kisutu</p>	MoCLA
<p><b>Status: ACHIEVED</b></p>	

<p>The Case Flow Analysis Study was carried out in 2010 to establish the status quo of Judicial procedures in adjudication of cases and establish challenges in the administration of Justice system that were a root cause to case backlogs in the Judiciary. The recommendations were implemented in Dar es Salaam, and they are being rolled out country wide. In 2012-2013, the Government of Tanzania has started a gradual rolling out of these recommendations, starting with the following: 1) renovation of Legal Registries by modernizing archives, introducing metal filing shelves and colour coded files; 2) automation of case assignment system, and facelift of the registry office; and 3) installation of Local Area Network (LAN) to provide the intranet services for official business by all senior Judicial officials. Progress has been made in the following way:</p> <ul style="list-style-type: none"> <li>(i) The renovation work of the main building at the Dodoma High Court Centre is on good progress;</li> <li>(ii) The newly built Bukoba High Court Centre has been furnished with necessary Office equipments and furniture, and the installation of LAN and automated Case assigning system has been completed; and</li> <li>(iii) The construction of a new building for the High Court Labour Division and the renovation work for the Kisutu RM's Court is at the final stage of construction.</li> </ul>	
<p><b>Implement the <u>pay and incentives</u> strategy</b>  <b>2013:</b> Pay and incentives scheme incorporated into Budget 2013/14.</p>	POPSM
<p><b>Status :</b>  Under the leadership of POPS, LGAs have prepared their own Pay and Incentives Schemes. However, the Pay and Incentive Scheme is not incorporated into the 2013/14 Budget. However some LGAs for example Kasulu, Manyoni, Mbinga, and Rukwa have financed their respective schemes through their own sources. <b>NOT ACHIEVED</b></p>	
<b>CLUSTER 4</b>	
<p><b>Interface <u>central and local government ICT</u> with technical control and new software acquisition and all new software developed becomes centrally coordinated</b></p> <p><b>2013:</b> Costed action plan for ICT integration interfacing is completed and approved by June 2013. This target date may shift once the inception report is available.</p>	MoF / PMO-RALG
<p><b>Status: NOT ACHIEVED</b></p>	

<p>Final Report for ICT integration section has delayed and is being finalized. Action plan expected in June 2014.</p>	
<p><b>Streamline and rationalize national systems and processes for <u>intergovernmental transfers</u> to LGAs</b></p> <p><b>2013:</b> Comprehensive and sequenced two year work plan, including a time bound M&amp;E framework with defined roles and responsibilities to address shortcomings of the systems and processes of intergovernmental transfers finalized by June 2013. This target may have to shift to a later date based on the inception report</p>	<p>MoF/ PMO-RLG</p>
<p><b>Status: ACHIEVED</b> The study of Intergovernmental transfers to LGAs has been completed. The Action plan is in place.</p>	
<p><b>Increase <u>budget transparency</u> and public access to key fiscal information</b></p> <p><b>2013:</b> Based on the new budget cycle for FY2013/14, the Government ensures publication of the budget with: (i) guidelines for the preparation of the annual plan and budget for 2013/14 published on Ministry of Finance website by December 2012; (ii) the executive budget proposal [volumes I-IV] as submitted to the Parliament published on the Ministry of Finance website June, 2013; (iii) the approved budget [all volumes] published on Ministry of Finance website by September, 2013; (iv) and citizens' budget published by November, 2013; and (v) Budget Execution Report (year-end report) preliminary budget out turn published on Government of Tanzania websites by November, 2013</p>	<p>MoF</p>
<p><b>Status: ACHIEVED</b> All publications were published in the MoF website at <a href="http://www.mof.go.tz">www.mof.go.tz</a>.</p>	
<p><b>The Government enhances <u>domestic tax revenue</u> (tax and non-tax) mobilization with better transparency and business environment</b></p> <p><b>2013:</b> i) Submission of a Bill to Parliament to enact Tax Administration Act for the purpose of establishing a common tax procedure among different taxes collected by Tanzania Revenue Authority by end-April 2013</p> <p>ii) Study on Non-Tax Revenue – “Integration and Harmonization of Revenue Collection Systems” in place by November 2013, and action plan to follow-up on recommendations by June 2014</p> <p>iii) Submission of a new VAT Bill in line with best practice to Parliament by end-April 2013</p>	<p>MoF</p>
<p><b>Status:</b></p> <p>i) The Tax Administration Act are expected by April, 2014. <b>NOT ACHIEVED</b></p> <p>ii) Non Tax Revenue Study final draft report is now in place. The action Plan will be in place by June, 2014. <b>ACHIEVED</b></p> <p>iii) It is expected that the Bill will be submitted for Government Approval process and then to AG</p>	

<p>before being submitted to Parliament. Act is expected by April 2014. <b>NOT ACHIEVED</b></p> <p><b>Overall NOT ACHIEVED</b></p>	
<p><b>The Government to strengthen institutions of <u>public investment management</u> to ensure that public investments are selected based on proper economic and financial assessments</b></p> <p><b>2013:</b> The Government (a) drafts a bill to amend the Planning Commission Act, and (b) develops a public investment operational manual to provide guidance for the ministries, departments and agencies (MDAs), and local government authorities (LGAs), to carry out economic and financial analysis of public investment projects"</p>	POPC
<p><b>Status:</b> The draft bill to amend POPC Act is on the final Government approval process; and the consultant drafting the PIM-OPM has signed the contract and initiated the work. <b>ACHIEVED</b></p>	
<p><b>The Government to strengthen institutions of <u>public private partnerships (PPP)</u> to ensure that PPP projects are selected based on proper economic and financial assessments</b></p> <p><b>2013:</b> The Minister for Finance approves PPP finance regulations on government support and unsolicited bids by June. Establish operational PPP facilitation fund.</p>	MoF
<p><b>Status: I)</b> The PPP facilitation Fund has been established. <b>ACHIEVED</b></p> <p><b>II)</b> The draft amendments of the PPP Act will be submitted to Parliament in December 2013, thereafter regulation will be developed. <b>NOT ACHIEVED</b></p> <p><b>Overall NOT ACHIEVED</b></p>	

	Cluster 1 Outcome Indicators	Baseline 2011	Target 2013	Target 2014	Target 2015
1.	Head count ratio for basic needs poverty line by rural/urban (Mkukuta II) (MOF-NBS)	33.6% (HBS 2007)	Joint monitoring of poverty reduction with the help of HBS and NPS trends		1
STATUS : NOT ASSESSED					
2.	Growth of value of agricultural exports (US \$ million) <sup>2</sup> (MAFS)	905	1,078	1,166	
Status:2013; 1527; ACHIEVED					
3.	The amount of lending to the agriculture sector by domestic banks (Tshs Billion)	691	1083	1347	
Status 2013: 1043 NOT ACHIEVED					
4.	Food self-sufficiency ratio (MAFS)	111	113	114	
Status 2013: 115 ACHIEVED					
5.	Proportion of villages with land use plans (MLHS)	8	15	18	
Status 2013: 11.84 NOT ACHIEVED					
6.	Time taken by registrar of	7	6	4	

<sup>1</sup> Mkukuta and Mkuza target for basic needs poverty line by 2015 is 20%

<sup>2</sup> Revised forecast using actual figures instead of previous forecasted data



	titles to approve a transfer of certificate of right of occupancy (MLHS)				
<b>Status 2013: 7 days NOT ACHIEVED</b>					
7.	Total electricity installed capacity (MW) (MEM)	1,220 MW	1,498 MW	2,300 MW	
<b>Status 2013: 1501MW ACHIEVED</b>					
8.	% of the population with access to electricity (MEM)	14.7%	17%	17.5%	
<b>Status 2013: NOT ASSESSED.</b>					
9.	Plant availability (%) (MEM)	60%	80%	85%	
<b>Status 2013: 81.2% ACHIEVED</b>					
10.	% of trunk and regional roads <sup>3</sup> network in good and fair condition (MOW)	85%	87%	89%	
<b>Status 2013: 87% ACHIEVED</b>					
11.	% of rural roads that are passable (good and fair conditions) (MOW/PMORALG)	59%	61%	63%	
<b>Status 2013: 60 NOT ACHIEVED</b>					

<sup>3</sup> The overall transport Sector Review was rated as Satisfactory however targets for indicators no. 10- 13 target was slightly missed.

<b>12.</b>	<b>Container dwell time</b>	9 (Baseline 2012)	7	5	
<b>Status 2013: 8 NOT ACHIEVED</b>					
<b>13.</b>	<b>Ship turnaround time (container)</b>	8 (Baseline 2012)	5	4	
<b>Status 2013: 5.7% ACHIEVED</b>					
<b>14.</b>	<b>Implementation of natural resources decentralization to districts and communities</b>				
	<b>a) Declared village land forest reserves</b>	473	523	583	640
	<b>b) Signed joint management agreements</b>	180	200	240	300
	<b>c) Authorized associations among wildlife management areas</b>	17	20	23	26
	<b>d) Registered beach management units</b>	47	75	110	150
<b>Status 2013:ACHIEVED</b>					
a) 523 (50 new)					
b) 224 (44 new)					
c) 19 (2 new)					
d) 63 (16 new)					

	Cluster 2 Outcome Indicators	Baseline 2011	Target 2013	Target 2014	Target 2015
1a	Staffing for delivery of basic services at LGA level reduced number of districts with primary school PTR $\geq$ 50	47 out of 133 districts	30 out of 160 districts	25 out of 160 districts	15 out of 160 districts
Status 2013: 39 out of 159 Districts NOT ACHIEVED					
1b	Reduced number of districts with nurses/midwives $\leq$ 3/10,000 population	Baseline 2012: 55%	48%	41%	34%
Status 2013: 31.6% (133 districts) ACHIEVED					
2.	Standard VII exam pass rate A. National average for the previous year, disaggregated by gender (MoEVT) B. Proportion of councils in which less than 40 % of Standard VII pupils passed the PSLE in the previous year (MoEVT)	Baseline 2011: 53.5% (M=59.0%; F=48.3%)  Baseline 2011: 12.1%	60.2%  12.5%	62.1%  11.7%	
Status 2013: NOT ACHIEVED Status 2013 Indicator A: Total = 30.7% Male = 35.6 Female= 26.4% Indicator B: 80.9% (110 out of 136 Councils)					
3.	Form 4 examination pass rates (Division I-III) national average for the previous year, disaggregated by gender (MoEVT)	T = 11.5% (M= 14.6%; F= 7.8%)	12%	13%	

<b>Status 2013:</b> Total = 9.53% Male: 12.01% Female: 6.52% <b>NOT ACHIEVED</b>					
4.	<b>Total enrolment in Degree Programmes (% females) (MoEVT)</b>	121,204 (34.7% female)	127,000	130,500	
<b>Status 2013:</b> Total = 132,904 Male: 89,220 Female: 43,684 <b>ACHIEVED</b>					
5.	<b>A. Proportion of births at Health facilities, national average</b>	Baseline 2010 = 58.4%	65%	70%	72%
	<b>B. Proportion of districts in which at least 60% of births take place at health facilities (MoHSW)</b>	Baseline 2010 = 54%	60%	65%	67%
<b>Status 2013:</b> Indicator A: 61% Indicator B:54.8% <b>NOT ACHIEVED</b>					
6.	<b>Persons with advanced HIV disease (CD4&lt;200 or &lt;350) currently receiving ARV combination treatment (disaggregated under 15 and over 15 and by sex) (MoHSW)</b>	Baseline 2010 = 384,816	404,788	459,594	500,000
<b>Status 2013: 432,338</b> <b>ACHIEVED</b>					

7.	Proportion of councils in which at least 8 out of 10 tracer medicines are available at Primary Health Care facilities (dispensary and health centres).	Baseline 2012 = 47.0%	59.3%	66.6%	74.1%
<b>Status 2013: NOT ASSESSED</b> The indicator can not be assessed until end of December 2013 when the Annual Health Sector Performance Profile report will be completed.					
8.	Total number of enrolment in health institutes (MoHSW)	Baseline 2011 = 6,713 (101%)	8,325	9,000	10,000
<b>Status 2013: 7,751 NOT ACHIEVED</b>					
9.	Proportion of households in rural settlements with access to clean and safe water from improved/protected sources (MOWI)	Baseline 2010 = 57.8%	62.1%	63.6%	65%
<b>Status 2013: 57.8</b> <b>NOT ACHIEVED</b> The drop in coverage for all categories is much contributed by; <ul style="list-style-type: none"> <li>➤ Population increase that do not much with investment in water infrastructure project;</li> <li>➤ Dilapidated water supply infrastructure resulting from being not rehabilitated for a long time, many efforts is put in construction of new projects that have been not completed; and</li> <li>➤ Decrease in availability of water resources due climate change that cause dryup of water sources.</li> </ul>					
10.	Proportion of households in small towns with access to clean and safe water from improved/protected sources (MOWI)	Baseline 2010 = 53%	55.7%	56.3%	57%
<b>Status 2013: 53%</b> <b>NOT ACHIEVED</b>					

The drop in coverage for all categories is much contributed by;

- Population increase that do not much with investment in water infrastructure project;
- Dilapidated water supply infrastructure resulting from being not rehabilitated for a long time, many efforts is put in construction of new projects that have been not completed; and
- Decrease in availability of water resources due climate change that cause dryup of water sources.

11.	Proportion of households in regional urban centers with access to clean and safe water from improved/protected sources (MOWI)	Baseline 2010 = 86%	91.4%	93.2%	95%
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Status 2013: 86%  
**NOT ACHIEVED**

The drop in coverage for all categories is much contributed by;

- Population increase that do not much with investment in water infrastructure project;
- Dilapidated water supply infrastructure resulting from being not rehabilitated for a long time, many efforts is put in construction of new projects that have been not completed; and
- Decrease in availability of water resources due climate change that cause dryup of water sources.

12.	Proportion of households in Dar es Salaam with access to clean and safe water from improved/protected sources (MOWI)	Baseline 2010 = 55%	67%	71%	75%
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Status 2013: 68%  
**ACHIEVED**

	Cluster 3 Outcome Indicator	Baseline 2011	Target 2013	Target 2014	Target 2015
1.	Percentage number of cases pending for two or more years (MOCLA)	14%	12.5%	12%	11.5%

**Status 2013:** In previous years data cleaning and analysis was done with TA from DFATD. During the period under review The Judiciary has undertaken another case backlog data collection which has also included all the

specialized courts (Labour and Land Courts) which were not Considered during establishment of the baseline and target. Therefore this indicator can not be assessed.

**Not Assessed**

2.	<b>% of Under Five children receiving birth certificates (MOCLA)</b>	Baseline from DHS 2010 6.2%	11%	14%	
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**Status 2013 : 11% ACHIEVED**

Implementation of U5BRI started in Mbeya region From July 25, 2013. As of October 31, 2013 the total number of U5 from Mbeya posted into RITA database via mobile phones technology was 116,639. This increase makes the overall percentage of Under-five having birth certificates in Tanzania mainland to be estimated to 11%

3.	<b>Score in Control of Corruption Indicator (one of World Bank Worldwide Governance Indicators)</b>	-0.52	Positive trend. Agree way forward on developing 'home grown' indicator.		
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**Status 2013 : NOT ASSESED**

4.	<b>Joint commitment to continue work on a consistent methodology to measure Citizen's Satisfaction with Service delivery for PAF 2014</b>				
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	<b>Cluster 4 Outcome Indicator</b>	<b>Baseline 2011</b>	<b>Target 2013</b>	<b>Target 2014</b>	<b>Target 2015</b>
1.	<b>Average level of compliance of: The top 20 procuring entities with the (revised) Procurement Act 2010. (MOF-PPRA)</b>	67.7%	BL+5% of baseline (71.1%)	BL+10% of baseline (74.5%)	

**Status 2013: 71.9%**

**ACHIEVED**

2.	<b>Non-salary (OC-DEV) funds released to RAS and LGAs</b>	46.5% [FY 2010/11]	65%	70%	
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	by end Q3, as percentage of the Resources Available <sup>4</sup> (OC+DEV) for the year. (MOF-BUDGET)				
<b>Status 2013: 70%</b>					
<b>ACHIEVED</b>					
3.	Reduction in outstanding audit matters (MOF-NAO)	Targets to be confirmed by March 2013	Tbc	Tbc	
<b>Status 2013: Methodology to calculate the baseline and target was not completed therefore this indicator cannot be assessed.</b>					
4	Approved budget broadly in line with policy objectives (MKUKUTA, 5YDP, sector policy priorities) (MOF-BUDGET)	75%	75%	75%	
<b>Status 2013: 73%. Slightly underachieved due to weak alignment to MKUKUTA Cluster Strategies by some of the implementing agencies/ministries during planning and budgeting.</b>					
<b>NOT ACHIEVED</b>					
5	Share of total actual expenditure on education, health, water, agriculture, road, and energy sectors in total government spending excluding interest. (MOF-BUDGET)	57.7%	59.7%	60.7%	
<b>Status 2013: 62.5%</b>					
<b>ACHIEVED</b>					
6	Domestic tax revenue + non-tax revenue as a share of GDP (MOF-BUDGET)	16.3%	17.8%	18%	
<b>Status 2013: 17.8%</b>					

<sup>4</sup> "Resources available" is equivalent to final allocated budget at the end of the year which takes into account adjustments, such as necessary expenditure cuts and reallocations within the year.



<b>ACHIEVED</b>					
7	Value of tax exemptions as a share of GDP (MOF-PAD)	2.2%	1.6%	1.2%	
<b>Status 2013: 3.1% NOT ACHIEVED</b>					
Although the target is slightly missed there is a positive trend as last year status was 4.2%.					

**DONOR PAF 2013**

	DP OUTCOME INDICATORS	Baseline 2011	Target 2013	Target 2014	Target 2015
1.	% of Budget Support disbursed within the first quarter of the GoT fiscal year.	17%	60%	65%	65%
<b>Status 2013: 67% ACHIEVED</b>					
For 2012/13 584 Million USD was disbursed against 495 Million USD committed. 67% of the budget support was disbursed the first quarter against the target of 60%.					
2.	% of budget support disbursed at the latest during the quarter indicated in the disbursement schedule agreed with GoT at the time of confirmation of commitment.	98%	100%	100%	100%
<b>Status 2013: 78% NOT ACHIEVED</b>					
Out of 15 disbursements 1 disbursement was made ahead of the agreed schedule and 2 disbursements were made late which means that 78% of the total USD disbursements were made in the first, second and third quarter against the target of having made all disbursements by the third quarter. One of the late disbursements was committed against agreement with authorities and subsequent approval by World Bank board.					

# **Rapid Budget Analysis 2013**

## **Synoptic Note (Summary)**

**November 15, 2013**

The Rapid Budget Analysis is a programmatic feature of Tanzania's budget calendar and one of the traditional outputs for the PER Working Group. It is produced by PER-Macro group involving close donor-Ministry of Finance collaboration. The RBA utilizes the detailed approved data for 2013/14 and detailed pre-audited actual spending data for 2012/13, all provided promptly by the Ministry of Finance. The Synoptic Note was produced by World Bank staff, with inputs from IMF, while the background notes were produced by staff and consultants from Japan, Norway, Sweden, UN, EC, Denmark, Belgium, Canada, KfW, AfDB, USAID, Ireland, UK, and the World Bank. The RBA 2013 is among the traditional outputs of the PER process; and will be discussed with the Budget Guidelines committee chaired jointly by the MoF and the POPC will constitute key input for dialogue with stakeholders during the GBS Annual Review 2013.

## **Main messages**

### 2012/13 Executed Budget

- With stable GDP growth and declining inflation, the Government managed to achieve an impressive macro performance during 2012/13 but missed its fiscal target by 0.7 percent of GDP. The overall fiscal deficit is now estimated at 6.2 percent of GDP against the anticipated 5.5 percent. This is a significant deterioration compared to 2011/12.
- The Government collected lower than expected domestic revenues mainly as a result of reduced non-tax revenues and under-performing VAT and duty collection. On the positive side, the level of exemptions granted by customs and TRA went down by 0.8 percent of GDP between 2011/12 and 2012/13.
- Public spending increased by 0.7 percent of GDP compared to 2011/12, with an increase in recurrent spending (from 64 percent to 68 percent of total expenditure) and a decline in development spending from 36 percent to 32 percent. This can be attributed to inadequate planning and poor execution of foreign financed projects. A notable development in this regard was the significant reallocation of resources throughout the year in favour of locally-funded development projects and TANESCO. The resultant cuts significantly affected non-priority recurrent spending.
- The financing sources of the budget shifted toward more non-concessional borrowing which rose by 3.0 percent of GDP in 2012/13 (excluding on lending to public enterprises). Official aid, which remained constant in absolute value, accounted for only 5.2 percent of GDP against 10 percent in 2007/8. The main decline was recorded in grants.

### 2013/14 Approved Budget

- The objective of the 2013/14 approved budget is to reduce the overall fiscal deficit to five percent of GDP. It is expected that this would be achieved through an unprecedented increase in tax and nontax revenues (including LGAs own revenues) up by 3.1 percent of GDP when compared to 2012/13 actual outturn. The expected gains would then go towards financing the considerable increase in public expenditures which is projected to rise by 2.5 percent of GDP.
- By exceeding 30 percent of GDP, total expenditures will reach a new record level. This new level is explained by an increase in both recurrent and development expenditures. The wage bill (including parastatal PE, pension and allowances) will rise by 2.1 percent of GDP (driven by higher wages and recruitment); while development expenditures are expected to increase by 1.1 percent of GDP under the Government's plan to promote investment projects in priority sectors.
- The spending allocation of the approved 2013/14 budget appears well aligned with the strategic priorities of recent national strategies, but remains insufficient to finance the Big Results Now initiative whose aim is to accelerate the achievement of results in six priority sectors. Furthermore, against the traditionally inconsistent execution of the development budget it can be expected that resources allocated towards infrastructure sectors will be reduced during the course of the year. Similarly, while the allocated budget to the LGAs is higher than that of 2012/13, these usually suffer from irregular implementation of those transfers each year.

- The combination of new taxes, higher tax rates, and improved collection efforts are expected to lead to an increase in domestic revenues (including LGAs own revenue) by 3.1 percent of GDP between 2012/13 and 2013/14. However, with tax collection almost 10 percent off target during the first quarter, the ambitious annual target may have to be revised downwards.
- The stock of public debt is projected to reach 48 percent of GDP at the end 2013/14, while the debt service (excluding amortization of domestic debt) should be as high as 2.5 percent of GDP (up from 1.8 percent in 2012/13) driven largely by foreign debt service. These figures point to a relatively rapid decline in Government's fiscal space.

#### Emerging messages from sectors

- Education: In 2012/13, the execution rate accelerated from 79 percent to 94 percent, but the disparity in the funds allocation across districts remains high, perpetrating unequal sector performance as well as a sense of inequity among districts. The share of budget allocations to the education sector declines to around 19.6 in 2013/14, equivalent to 5,9 percent of GDP—still a relatively high allocation for a low income country. Transfers to local governments should intensify, from 65 percent to 70 percent of total sector expenditures, driven by an increased wage bill and development spending.
- Health: Unlike 2011/12, the execution of the health budget was strong, reaching almost 90 percent in 2012/13. The 2013/14 approved budget of 8.7 percent of total expenditures for the health sector represents a significant decline compared to 2012/13. The share of local (including GBS) funding to the sector is also expected to decline from approximately 8 percent in FY 11/12 to 6 percent in FY 12/13. Geographic inequality in health block grant distribution amongst LGAs remains substantial.
- Water: In 2012/13 water sector experienced a very low budget execution rate, at 56 percent. The low execution rate together with already a small share in the total budget of round 4.4 percent means that limited fund were spent on water and hence poor quality of service, including access and reliability. The share of public resources going to the sector in the approved total budget in 2013/14 is projected to decline further to 4.3 in 2013/14. However, LGAs water projects and programs are prioritized with projected increase in water budgets in LGAs.
- Agriculture: The execution of the budget in the agriculture sector declined from 78.5 percent to 69.6 percent between 2011/12 and 2012/13 due to the non-release of all budgeted funds. In 2013/14, this sector's share of total budget has declined to 3 percent from 4 percent in 2012/13. A large portion of the sector budget is allocated to input subsidy programs and the National Food Reserve Agency, leaving limited resources for other programs such as land use and planning, animal disease control and seeds breeding.
- Energy: In 2012/13, when adjusting for transfers to TANESCO, recurrent expenditures were 370 percent higher than the approved budget while development expenditures were 53 percent lower than approved budget. In 2013/14, spending in the energy sector is set to increase further driven by both the costly EEP (including clearance of arrears) and the need to scale up investment in the energy sector.
- Transport: In 2012/13, the transport sector recorded overspending by more than 50 percent (or about Sh350 billion) of the approved budget. Most of this went towards clearing

arrears in the roads subsector. Despite these efforts, outstanding payments at the end of June 2013 amounted to Sh376 billion, after a net increase of Tsh221 billion in arrears in 2012/13. Furthermore, physical execution of roads projects remained low due to diversion of funds towards the clearance of arrears and the suspension or slow execution of works by numerous contractors whose invoices remained unpaid. In 2013/14, there is a significant increase in allocation for the transport sector, both for road and non-road subsectors. However, this increase may still not impact on the physical execution of projects as a considerable portion of funds will be used to clear arrears in roads subsectors.

- Gender: There is limited information to capture gender dimensions in the budget and this makes it difficult to assess and monitor gender aspects in budget allocations and spending. Reversing this situation requires Government commitment and one way to achieve this would be by developing a standardized format for a 'gender budget statement' which government agencies would use to report on the gender implications of budgets and spending.

#### Fiscal risks

- A key risk is linked to the ambitious target for revenue collection, which in the 2013/2014 budget is set to increase by 3.1 percent of GDP. Given the delay in implementing the new taxes on financial and communication services, this target will require a significant effort to achieve, including further reduction of tax exemptions. Any deviation in revenues will have to be offset by lower spending, unless the Government decides to give up altogether on its objective of reducing the overall fiscal deficit to five percent of GDP.
- Another risk area is the financial deterioration of several Parastatals and public agencies. Of particular concern is the public utility TANESCO which accumulated an operational deficit of USD270 million and arrears of USD276 million at the end of 2012. While TANESCO's financial state improved marginally during 2013, the fact remains that the cost of producing electricity is lower than the revenues derived from its sale. To date, the gap between costs and revenues has been partially met by transfers from the central Government and commercial borrowing by TANESCO.
- On its part, the Central Government too has accumulated significant arrears, notably within the road sector and its commitments under the public pension scheme. At the end of 2012, the estimated total value of the government arrears with PSPF amounted to USD700 million.
- In the coming years, the Government will have to manage well the public spending in order to preserve fiscal and debt sustainability. Although at present Tanzania has a relatively low public debt to GDP ratio (at slightly more than 40 percent) the fiscal space is closing rapidly, at least as long as revenues derived from natural gas production are not yet available.

## JOINT GOVERNMENT AND DEVELOPMENT PARTNERS ACTION PLAN TO IMPLEMENT RECCOMENDATIONS OF THE GBS EVALUATION

This action plan is based on the recommendations made by the Independent GBS Evaluation and on responses from GoT and DPs. The action plan focuses on activities that are within the mandate of the GBS group (while other relevant processes are included in grey italics font). It is worth noting, that some of the actions listed below have started before this plan was developed and considerable progress has already been made towards some of the recommendations.

S/N	ACTIVITY	RESPONSIBLE	TIMEFRAME	STATUS: NOVEMBER 2013
<b>Recommendations to DPs</b>				
<b>a) Design policies and strategies on the use of different aid modalities, based upon the available evidence regarding their relative effectiveness.</b>				
1.1.	Coordinate all GBS DP Design Missions	GBS Secretariat	Jan 2014	On track. EU+4 (Sweden, Denmark, Finland, Ireland) and DFID Design Missions were coordinated. Reports are expected in October and November 2013. WB and AfDB design processes are on-going.
1.2.	<i>Development Cooperation Framework (DCF)</i>			<i>Comments from NSAs and PSs have been incorporated. The draft DCF awaits PSs approval. After approval the document will be shared to DPs for comments.</i>
1.2.1	<i>Hold High Level Meeting to agree Development Cooperation Framework (DCF)</i>	GBS Secretariat	Nov 2013	"
1.2.2	<i>Approval of the Development Cooperation Framework (DCF), defining aid modalities for Tanzania.</i>	GoT and DPs	Dec 2013	"
1.2.3	<i>Dissemination of DCF to Stakeholders.</i>	GoT and DPs	Jan 2014	"
<b>b) Define and disseminate realistic operational expectations, regarding the potential contribution of Budget Support processes to policy making and monitoring in partner governments.</b>				
2.1.	Slimmer, more strategic PAF 14 developed and agreed			<b>Achieved:</b> <i>SPAF 2014 Developed and Jointly Agreed on the framework.</i>
2.1.1	Appointment of the Strategic Performance Assessment Framework (PAF) Team to guide PAF Reforms.	GoT – MOF DPs GBS Chair	August, 2013	<b>Achieved:</b> The Strategic PAF (SPAF) task team was appointed and prepared the

				PAF 2014 and met on 23 <sup>rd</sup> August, 1 <sup>st</sup> September, 1 <sup>st</sup> October and 14 <sup>th</sup> November, 2013.
2.1.2	SPAF team to propose 10 thematic areas for PAF 2014.	GoT and DPs SPAF Team	30th August, 2013	<b>Achieved:</b> Thematic areas were proposed and submitted to sectors for guidance to propose relevant actions/ indicators for PAF 2013.
2.1.3	Approval of 10 thematic areas by the Troika Plus.	GoT and DPs	15 <sup>th</sup> November 2013	<b>Achieved.</b> The Troika Plus approved proposed thematic areas.
2.1.4	Draft SPAF 2014 in place	GoT and DPs	October, 2013	<b>On track.</b> PAF 14 developed with 1KPA and 10 outcome indicators which are all top government priorities, measurable and achievable. Process ongoing to finalise methodology and targets for PAF 2014.
2.1.5	Endorsement of SPAF 2014	GoT and DPs	18 <sup>th</sup> November, 2013	PAF 14 to be discussed and agree on wayforward at the GBS annual review.
<b>c) In order to maximise opportunities for effective dialogue, DPs should ensure that operational practice on Budget Support respects the principle of partnership and limits the use of “conditionality” and “policy leverage”.</b>				
3.1.	Partnership Framework Memorandum Underlying Principles assessment process further clarified and agreed (based on lessons from first round)	GoT and DPs	18 <sup>th</sup> November 2013	On track. GoT and DPs have agreed that the UP Assessment Round 2 will be presented and discussed at the Annual Review in November 2013.
3.2.	New dialogue structure (issue-based, new forms and respective participants) developed and outlined in the Development Cooperation Framework (DCF).	GoT and DPs	December 2013	On track. GoT and DPs finalizing the DCF document which will guide the dialogue.
<b>d) The aid portfolio and the corresponding framework of staffing and consultancy support should be managed so as to create areas of expertise to support effective policy dialogue.</b>				
4.1.	<i>Map, improve and align DP Division of Labor(DoL):</i>			
4.1.1	<i>Undertake mapping exercise on DPs division of labour (DoL)</i>	<i>DPG Secretariat GBS Secretariat</i>	<i>Feb 2014</i>	
4.1.2	<i>DPs discussion held on how to further improve DoL based on comparative advantage</i>	<i>DPG Secretariat GBS Secretariat</i>	<i>March 2014</i>	
4.1.3	<i>DPs alignment to DoL as defined in the DCF</i>	<i>DPs</i>	<i>March 2014</i>	

<b>Recommendations to GoT</b>				
<b>a) Strengthen policy formulation in those areas, which are of most strategic importance to Government by focusing analytical and policy formulation efforts more closely on priority areas.</b>				
				<i>Covered by strategic PAF 2014, see 2.1.</i>
<b>b) Engage with Development Partners to find innovative ways of utilising local and international technical assistance to address capacity weaknesses.</b>				
5.1.	Ministry of Finance to be pilot ministry for capacity development:			DCF will address Technical Assistance at a national level. Discussions within PFMRP are anticipated to discuss MoF Capacity Building issues.
5.1.1	Develop and agree a roadmap for strengthening MoF capacity	MoF and DPs	October 2013	See 5.1
5.1.2	Conduct mapping exercise to identify capacity gaps in MOF.	MOF and DPs	TBC	See 5.1
5.1.3	Develop Strategic Plan for Capacity Development	MOF and DPs	TBC	See 5.1
<b>c) Review the focus of the current Public Finance Management Reform Programme (PFMRP IV) so as to find ways of addressing the continuing weaknesses in budget formulation, budget execution, financial reporting and control of contingent liabilities.</b>				
6.1.1	<i>Implementation of PFMRP IV</i>	<i>MOF</i>	<i>Ongoing</i>	<i>PEFA Assessment 2013 is informing PFMRP IV review.</i>
6.1.2	<i>Independent evaluation/ assessment of PFMRP IV</i>	<i>MOF, DPs</i>	<i>Annual</i>	
<b>Recommendations on the design and management of GBS/SBS in Tanzania</b>				
<b>1) Separate processes should be created for the “auditing” of minimum conditions for disbursement, on the one hand, and the wider review and discussion of progress in MKUKUTA and in key reforms, on the other.</b>				
7.1.	High level Meeting to discuss how to strengthen the dialogue	GoT and DPs	October 2013	On track. See 3.2. (and also 2.1. and 3.1.)
<b>2) In order to avoid conflicts of interest and ensure a more streamlined assessment process, the “auditing” of the minimum conditions for disbursement of the fixed tranche should be undertaken through an annual, independent, process.</b>				
	To be addressed by High Level Meeting			On track. See also 2.1. and 3.1.
<b>3) A formal annual, independent assessment of compliance by DPs with their commitments under the Partnership Framework Memorandum should be introduced.</b>				
8.1.	GoT conducts assessment of DP compliance with the Partnership Framework Memorandum and presents it at the GBS Annual Review	GoT	November 2013	Ongoing
<b>4) The 12 existing Performance Tranches should be reviewed with a view to aligning their design to the assessment framework described above, and</b>				



<b>harmonising across providers so as to reduce transaction costs.</b>				
9.1.	Budget Support DPs agree and harmonise their performance tranches	DPs	November 2013	<b>Ongoing:</b> Seven BS DPs agreed and harmonised their performance tranches for 2013.
<b>5) In order to steadily improve the evidence base for policy dialogue, an on-going programme of policy evaluation and research work should be introduced to accompany the Budget Support dialogue, generating annual results of analyses similar to that undertaken as “Step Two” of this evaluation.</b>				
10.1	PER outputs summarised and included in policy dialogue to improve value for money in the GoT budget	PER Secretariat	on-going	
10.2	Concept note produced on how to ensure existing research and evaluations in Tanzania are available to larger groups and used as inputs for policy dialogue	PER Secretariat & GBS Consultative Group (TBC)	March 2014	It is proposed ESRF/REPOA could collect and catalogue all existing studies and evaluations.
<b>6) The Budget Support Secretariat should be fully relocated to the External Finance Department of the Ministry of Finance</b>				
11.1.	GoT and DPs agree on how to strengthen the GBS Secretariat:			
11.1.1	GoT to hold internal discussions and identify options for location and structure of GBS Secretariat	MOF	October 2013	ongoing
11.1.2	GoT and DPs agree on roadmap for strengthening of GBS Secretariat	MOF and DPs	January 2014	
<b>7) The continuing suitability of the Troika and Troika Plus systems for coordinating the Budget Support Group should be formally assessed and a joint decision reached on whether to retain or modify this structure.</b>				
	DPs present their position at High level dialogue and agree with GoT on way forward for Troika.	DPs and MoF	October 2013	On track. See 3.2.
	Develop proposal for composition of the Joint Troika at High level dialogue.	MoF and DPs	October 2013	On track. See 3.2.
<b>8) Technical assistance and capacity building support should be provided to Government in order to assist with the reformulation of the assessment and dialogue process, and launch the proposed evaluation and research programme.</b>				
	>>GoT to initiate, see b) 5.1			

**Joint Donor Assessment of Underlying Principles**

**Joint Donor Assessment of Underlying Principles  
in November 2013:**

**CONCLUSIONS**

11/11/13

## Overall Conclusions of the Assessment

1. The Assessment concludes that the Government of Tanzania continues to be committed to the Underlying Principles outlined in the Partnership Framework Memorandum.
2. The Assessment identifies a number of concerns for UP1 (Macroeconomic policies and management), UP2 (Commitment to MUKUKUTA and MDGs), UP4 (Human Rights etc.), and UP5 (Accountability and anti-corruption).
3. DPs remain concerned about lack of progress in poverty reduction and provision of equitable and quality services. Government initiative to further improve the access to and quality of public services would be much welcome.
4. DPs are also concerned about the little progress in the fight against corruption and strongly encourage the Government to intensify actions in this area. DPs would like to see clear results and an intensified high-level dialogue in the area of anti-corruption.

<u>UP</u>	<u>Summary Assessment</u>		<u>Key Concerns to Raise in the Dialogue</u>
(1) Continuing sound macroeconomic policies and management	Green	Orange	<ul style="list-style-type: none"> <li>• <b>The scale of last year's domestic borrowing is a concern. This year's potential revenue shortfall should be managed in a planned and transparent way in line with fiscal targets.</b></li> <li>• <b>Different GoT commitments and/or guarantees regarding parastatals need to be well mapped</b> so that GoT can address these and DPs can better understand/assist since these contingent liabilities have the potential to significantly impact GoT fiscal space.</li> <li>• <b>The new VAT act should be presented to parliament in order to improve tax revenue.</b> This could include removal of a number of exemptions as well as reduction of discretionary powers in the legislation.</li> </ul>
(2) Commitment to achieving MKUKUTA II objectives and MDGs	Orange		<ul style="list-style-type: none"> <li>• <b>Economic growth needs to become more inclusive</b> in the light of persistence of poverty and limited broad-based job creation.</li> <li>• There is a <b>need to more thoroughly understand poverty dynamics</b> through better data, analysis and debate. Information about recent poverty trends is expected from the upcoming HBS data. It will be important that the findings of the survey are used to inform the development of more pro-poor policies.</li> <li>• In particular <b>greater attention is needed for MDGs registering less progress</b> (poverty and hunger, maternal</li> </ul>

		<p>mortality, environmental sustainability), while continuing to track well-performing MDGs.</p> <ul style="list-style-type: none"> <li>• <b>Commitment to equity in different sectors within and outside BRN, with particular emphasis on reaching the rural, poor and vulnerable</b>, needs to be strengthened. BRN is an opportunity to prioritise. It is important that improved service delivery in health remains a government priority, even if it is not currently part of BRN.</li> <li>• <b>Higher efficiency in expenditures, implementation capacity, institutional and regulatory framework</b> is necessary in all sectors.</li> </ul>
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5. The Assessment identifies issues that DPs would like to discuss further with the Government of the URT in order to identify and support solutions. A number of specific issues arising from this Assessment can be pursued through sector dialogues.

<p><b>(3) Continually strengthened budgeting and public financial management systems</b></p>	<p><b>Green</b></p>		<ul style="list-style-type: none"> <li>• <b>Budget credibility needs to be improved in order to align expenditure plans with available resources</b>, including realistic revenue forecasts and collection, reduction of arrears and managing budget re-allocations in a transparent manner.</li> <li>• <b>Concern over the discrepancy between expenditure and financing data</b> is particularly important because of the implications for the ability of the Government to manage the level of the deficit effectively.</li> <li>• <b>"Treasury Registrar's (TR) effectiveness needs to be strengthened</b>, including control and supervision of Public Authorities &amp; Other Bodies (TR Act and human capacity of TR).</li> <li>• <b>Key legislations need to be approved</b>, such as Public Procurement Act 2011 and review of Public Finance Act, to allow the reforms to be implemented according to plan.</li> </ul>
<p><b>(4) Continuing peace and respect for human rights, the rule of law, democratic principles, and the independence of the judiciary</b></p>	<p><b>Green</b></p>	<p><b>Orange</b></p>	<ul style="list-style-type: none"> <li>• <b>Need to advance progressive legislative reforms</b>, e.g. Media Services Bill; FoI Legislation and Public Leadership Code of Ethics legislation. Free and independent media should be properly regulated but also protected by appropriate legislation.</li> <li>• <b>Important to set out plans, prioritisation and progress for implementation of accepted UPR recommendations</b> and to other main HR committees (CESCR, CCPR, CRC, CEDAW) and to Government commitment to consider ratification of the CAT.</li> <li>• <b>Action is required to increase the transparency and security of land tenure</b>. Current weaknesses inhibit land rights which increase the potential for conflicts, can be an investment disincentive and be of risk for sustainable use of natural resources.</li> </ul>
<p><b>(5) Good governance, accountability of the Government to the citizenry, and integrity in</b></p>	<p><b>Orange</b></p>		<ul style="list-style-type: none"> <li>• <b>A more active approach against corruption is needed</b> - including movement on specific cases in key sectors (Health, Port, Energy) and a greater use of administrative sanctions for petty corruption offences; including the police and judiciary. After some positive movements in 2012, there have been few significant developments in the fight against corruption this year. Reintroduction of regular HLD and progress report provided by GoT is valuable.</li> <li>• <b>Strong government commitments on access to information (e.g. EITI, OGP, FoI) but implementation and impact are</b></li> </ul>

<p><b>public life, including the active fight against corruption in accordance with the laws of the United Republic of Tanzania</b></p>		<p><b>still limited. Increasing public access to information</b> (data, policy, budget allocations etc.), including at the local level, would be a major boost for accountability.</p> <ul style="list-style-type: none"> <li>• <b>Better follow-up and implementation of recommendations of the CAG findings</b> and assurance that Bunge debate is timely would further improve the increasingly robust oversight performance of the NAO and the Bunge.</li> <li>• The <b>Constitutional Review Commission</b> has done commendable work and the review process has been a positive indication of citizen’s participation to-date. <b>It is important that the inclusive approach is maintained</b> in subsequent phases.</li> </ul>
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**Note:** While the World Bank and the African Development Bank support the approach set out in this assessment, they cannot adhere to it because of their respective overall legal mandates as well as their own operational policies and guidelines. Both institutions will however coordinate their assessment with the proposed approach in relevant areas.

## Underlying Principle 1

<u>UP 1</u>	<u>Summary Assessment</u>		<u>Key concerns to Raise in Dialogue</u>
<p><b>Continuing sound Macroeconomic Policies and Management</b></p>	<p><b>Green</b></p>	<p><b>Orange</b></p>	<ul style="list-style-type: none"> <li>• The scale of last year’s domestic borrowing is a concern. This year’s projected revenue shortfall will need to be managed in a planned and transparent way in line with fiscal targets.</li> <li>• Different GoT commitments and/or guarantees regarding parastatals need to be well mapped so that GoT can address these and DPs can better understand/assist since these contingent liabilities have the potential to significantly impact GoT fiscal space.</li> <li>• The new VAT act should be presented to parliament in order to improve tax revenue. This could include removal of a number of exemptions as well as reduction of discretionary powers in the legislation.</li> </ul>
<p><b>Conclusions:</b></p> <p>Economic growth is expected to remain strong but the uneven distribution of the economic benefits, mainly due to the low growth in the populous agricultural sector, remain an issue for concern. The GoT handling of inflation is seen as adequate and inflation is down to single digits.</p> <p>Regarding macroeconomic policies and management, the Government of Tanzania has for the most part been able to manage main imbalances through a prudent monetary and fiscal policy. However for the fiscal year 2012/2013 the net domestic financing was higher than agreed with IMF leading to a leading to a higher than expected fiscal deficit. In addition revenue will most likely fall short of initial projections for the fiscal year 2013/2014 requiring a sizeable adjustment of the budget.</p> <p>The Current Account deficit, to a large part driven by expensive oil imports, is expected to decline in the medium term as cheaper gas from the Mtwara region becomes available. However in the short term GoT will face challenges in meeting the financial difficulties of TANESCO within the existing fiscal framework, despite the significant DP support that has been agreed.</p> <p>Other issues of concern are the substantial tax exemptions as well as contingent liabilities related to parastatals (especially the pension funds) and PPPs.</p>			

It will be important that despite the challenging fiscal situation, the government keeps to the medium term plan for deficit reduction. The Mid-Year Review of the Budget will be an important opportunity to adjust expenditure plans and align them with available resources. As the deficit impacts government debt, private sector growth and overall macroeconomic stability. This process will need to be transparent and informed by careful analysis. DPs are willing to work with GoT on identifying potential solutions including support for capacity strengthening in the area of fiscal management.

We strongly support the GoT decision to seek renewal of the PSI arrangement with IMF.

## Underlying Principle 2

<u>UP</u>	<u>Summary Assessment</u>	<u>Key concerns to Raise in Dialogue</u>
Commitment to Achieving MKUKUTA II Objectives and MDGs	Orange	<ul style="list-style-type: none"> <li>• Economic growth needs to become more inclusive in the light of persistence of poverty and limited broad-based job creation.</li> <li>• There is a need to more thoroughly understand poverty dynamics through better data, analysis and debate. Information about recent poverty trends is expected from the upcoming HBS data. It will be important that the findings of the survey are used to inform the development of more pro-poor policies.</li> <li>• In particular greater attention is needed for MDGs registering less progress (poverty and hunger, maternal mortality, environmental sustainability), while continuing to track well-performing MDGs.</li> <li>• Commitment to equity in different sectors within and outside BRN, with particular emphasis on reaching the rural, poor and vulnerable, needs to be strengthened. BRN is an opportunity to prioritise. It is important that improved service delivery in health remains a government priority, even if it is not currently part of BRN.</li> <li>• Higher efficiency in expenditures, implementation capacity, institutional and regulatory framework is necessary in all sectors.</li> </ul>

**Conclusions:**

Despite impressively high GDP growth rates over the past decade, poverty in Tanzania has remained largely unchanged. It is estimated that about one third of Tanzania's population lives in poverty without significant changes over the past decade. Population growth continues to be rapid, and the expansion of services struggles to keep up with a huge increase in numbers of children and young people. The country should be in a position by 2015 to achieve the MDG goals of primary education, gender equality, reduction of infant mortality and fight against the spread of HIV and AIDS, malaria and others diseases. Goals that will likely not be met by 2015 are the ones related to the eradication of extreme poverty and hunger, maternal health and environmental sustainability regarding the proportion of population having access to safe drinking water and safe sanitation. The fast growing sectors of the economy have not been able to trickle down and reach the poor. The lack of progress in poverty reduction indicates that economic growth needs to become more inclusive. One major challenge is to reach out to labor intensive sectors and enhance rural livelihoods and public service delivery.

In order to be able to formulate better pro-poor policies and priorities, poverty trends and dynamics need to be better understood. Information about recent poverty trends is expected from the upcoming HBS data, however figures will not be directly comparable with previous data due to changes in methodology. There is a need to ensure timely and high quality data, in-depth analysis and dedicated debate. It will be important that findings on poverty are used to inform the development of more pro-poor policies and prioritisation of spending, so that quality and equity of services can be improved.

In an effort to strengthen its pledge to reduce poverty, the GoT embarked, in 2013, on a further narrowing of focus and strives to speed up the implementation of the FYDP through the initiative Big Results Now (BRN). This new tool is being put in place to assist the GoT in setting priorities and monitor the rapid implementation of these key priorities (before mid-2015). Six key priority areas have been identified: energy, agriculture, water, education, transport and revenue mobilization. In addition to political leadership at the highest level, inter-ministerial collaboration and coordination are needed to address many of the systemic causes which continue to give shape to the current situation. Moreover, equitable resourcing and implementation of articulated pro-poor policies are required to demonstrate GoT's renewed commitment.

In terms of growth contributing sectors, the transport sector is facing important financing gaps that have affected maintenance and long-term planning. In addition, the lack of reliable, affordable and sustainable energy services continues to be a critical constraint for private sector development. There are improvements in key areas (e.g. institutional strengthening for agricultural research, upgrade and rehabilitation of trunk and regional roads, draft national policy for private sector development); however challenges remain for public expenditure efficiency and the regulatory framework. In relation to public service delivery - particularly in terms of overall access to education and health - Tanzania is making important progress. However, there is concern about the unequal access to and quality of basic public services. For education, water, and health sectors, inequities exist based on geography, wealth, and urban/rural residence. While there has been success across a range of public service delivery areas, there is a need to improve both quality of public service delivery and measurement of their implementation



effectiveness on the ground. . Insufficient budget allocation, weak management and a lack of accountability for the delivery of results and quality services are compromising service delivery.

### **Underlying Principle 3**

<b><u>UP</u></b>	<b><u>Summary Assessment</u></b>	<b><u>Key Concerns to Raise in Dialogue</u></b>
<b>Continually strengthened budgeting and public financial management systems</b>	<b>Green</b>	<ul style="list-style-type: none"> <li>• Budget credibility needs to be improved in order to align expenditure plans with available resources, including realistic revenue forecasts and collection, reduction of arrears and managing budget re-allocations in a transparent manner.</li> <li>• Concern over the discrepancy between expenditure and financing data is particularly important because of the implications for the ability of the Government to manage the level of the deficit effectively.</li> <li>• Treasury Registrar's (TR) effectiveness needs to be strengthened, including control and supervision of Public Authorities &amp; Other Bodies (TR Act and human capacity of TR).</li> <li>• Key legislations need to be approved, such as Public Procurement Act 2011 and review of Public Finance Act, to allow the reforms to be implemented according to plan.</li> </ul>
<p><b>Conclusions:</b></p> <p>The overall picture remains positive. It is evident that the budgeting and public financial management systems are continually being strengthened.</p> <p>Several improvements are noted in the PEFA 2013 report. Aspects that have improved include:</p> <ul style="list-style-type: none"> <li>• Effectiveness of internal audit,</li> <li>• Effectiveness of payroll control,</li> <li>• Annual budget process and</li> <li>• Procurement oversight and external audit.</li> </ul> <p>As noted by the PEFA report, there are multiple PFM weaknesses which contribute towards the lack of budget credibility. These include weaknesses in the budget</p>		

preparation system (over-budgeting in the development budget, under-budgeting in some areas of recurrent expenditure) and the budget execution system (cash rationing due to resource uncertainty, lack of commitment controls). As a result expenditure arrears have been accumulating, which are paid out of budgets in following years at the expense of planned service delivery. The following issues, which all impact directly on the credibility of the budget, require special attention:

- Weaknesses in cash flow management and payment arrears,
- Weaknesses in and non-compliance with internal control systems,
- Fiscal risks posed by Public Authorities and Other Bodies (PA &OB).

The pace of improvement may not be quick. PFM reforms are complex and influenced by manifold factors, some of them outside the control of the Ministry of Finance (MoF), such as political pressure on the executive in regard to budget preparation and execution and heavy bureaucracy in the Tanzanian administration, i.e. legislative procedure, adoption of regulations. It is clear that the PFM systems continue to be strengthened albeit slowly, and that the Government shows strong leadership in addressing weaknesses highlighted in the PEFA 2013 .

## Underlying Principle 4

	<u>Summary Assessment</u>		<u>Key Concerns to Raise in Dialogue</u>
<b>Continuing peace and respect for human rights, the rule of law, democratic principles, and the independence of the judiciary</b>	Green	Orange	<ul style="list-style-type: none"> <li>• Need to advance progressive legislative reforms, e.g. Media Services Bill; FoI Legislation and Public Leadership Code of Ethics legislation. Free and independent media should be properly regulated but also protected by appropriate legislation.</li> <li>• Important to set out plans, prioritisation and progress for implementation of accepted UPR recommendations and to other main HR committees (CESCR, CCPR, CRC, CEDAW) and to Government commitment to consider ratification of the CAT.</li> <li>• Action is required to increase the transparency and security of land tenure. Current weaknesses inhibit land rights which increase the potential for conflicts, can be an investment disincentive and be of risk for sustainable use of natural resources.</li> </ul>
<b>Conclusions:</b>			
<u>Peace:</u> Tanzania has overall enjoyed sustained peaceful relations with its neighbours and remains a relatively cohesive state despite growing religious –based tension and increased demand from some on Zanzibar for greater autonomy.			

	<u>Summary Assessment</u>	<u>Key Concerns to Raise in Dialogue</u>
	<p><u>Human Rights:</u> Tanzania has a stable human rights record. Fundamental freedoms are enshrined and generally respected but some restrictions are noted; some laws discriminate against women. A number of challenges and concerns are however noted:</p> <ul style="list-style-type: none"> <li>- The main challenge lies in practical implementation of international and domestic human rights commitments;</li> <li>- Most pervasive human rights issues relate to status of women and children –which remains a serious issue;</li> <li>- Some restrictions on freedom of assembly and rights of expression and opinion remain;</li> <li>- An increase in incidents relating to the treatment of the media and journalists has been observed;</li> <li>- There is a need to increase transparency &amp; security of land tenure to improve land rights/decrease conflict potential.</li> </ul> <p>The 2011 UPR and Tanzania’s subsequent response offers an agenda for human rights advancement.</p>	<p><u>Rule of Law/Independence of the Judiciary:</u> Tanzania enshrines the rule of law and equitable access to justice. The Judiciary is seen as more independent than it once was and Parliament as more assertive, but the Executive continues to exercise influence over both.</p> <p><u>Democratic Principles:</u>The 2010 elections fell short of some international principles but credible &amp; improvement on previous elections. The Constitutional Referendum and the 2015 elections offer opportunities to consolidate and improve Tanzania’s credentials, but there are potential risks if outcomes are not regarded as progressive. Recent demonstrations suggest that GoURT’s effective management of public order will be critical going forward.</p>

**Underlying Principle 5**

<u>UP</u>	<u>Summary Assessment</u>	<u>Key Concerns to Raise in Dialogue</u>
<p><b>Good Governance, accountability of the government to the citizenry and integrity of public life, including the active fight against corruption in accordance with the laws of the United Republic of Tanzania.</b></p>	<p><b>Orange</b></p>	<ul style="list-style-type: none"> <li>• A more active approach against corruption is needed - including movement on specific cases in key sectors (Health, Port, Energy) and a greater use of administrative sanctions for petty corruption offences; including the police and judiciary. After some positive movements in 2012, there have been few significant developments in the fight against corruption this year. Reintroduction of regular HLD and progress report provided by GoT is valuable.</li> <li>• Strong government commitments on access to information (e.g. EITI, OGP, FoI) but implementation and impact is still limited. Increasing public access to information (data, policy, budget allocations etc.), including at the local level, would be a major boost for accountability.</li> <li>• Better follow-up and implementation of recommendations of the CAG findings and assurance that Bunge debate is timely would further improve the increasingly robust oversight performance of the NAO and the Bunge.</li> <li>• The Constitutional Review Commission has done commendable work and the review process has been a positive indication of citizen’s participation to-date. It is important that the inclusive approach is maintained in subsequent phases.</li> </ul>

**Conclusions:**

Access to information/transparency: The GoURT demonstrated high international political-level commitment to improved openness, transparency and access to information through OGP (Open Government Partnership) and EITI. Commitments to OGP have been reiterated at the highest level of GoT on several occasions in 2013. EITI in turn has sparked a broad debate on resource transparency which otherwise might have been absent. The Multi-Stakeholder Group (MSG) of EITI has approved the rather ambitious Action plan for 2014, which implements new EITI standards. Also, the Big Results Now offers opportunity for deepening accountability to citizenry. However, in particular OGP commitments have to be followed by much more rigorous implementation. Progress to date does not include any movement on commitments introduced with OGP. Access to information remains limited despite OGP commitments and despite being articulated clearly in the Constitutional Review consultations. This is further emphasized by constraints on the media (see UP4).

Citizens voice and participation: The Constitutional Review Process has been broad-based and inclusive, showing a high degree of citizen’s participation. The conclusion

of this on-going process in a bipartisan and inclusive way could make the Tanzanian CRP a model for the region. However, in general terms, citizen's participation and engagement in domestic processes and decision making still leaves considerable room for improvement. Transparency of government, access to information, freedom of the media and supportive legislation are crucial in this regard.

Executive accountability to Parliament: Parliamentary scrutiny of the budget, budget debates in parliamentary committees and plenary, and the quality of audit reports have consistently improved, resulting in significant changes in key sector budgets.

The revised budget cycle has contributed positively to this. However, there is still scope for strengthening parliamentary oversight of the budget, in particular with regard to access to budget information. A serious concern is that GoT follow-up to audit findings and recommendations remains weak. Another concern is that the amendments to the Audit Act (early 2013) have led to delays in parliamentary discussion of the audit reports.

Good Governance: Governance systems that function with efficacy are an underlying assumption for GoURT to achieve its development objectives and the delivery of essential basic services. The core governance reforms have been the principal mechanisms to improve such systems and processes to date. Progress in these programs has lately stalled, and GoT's own financial contributions to the programs have been limited. The GoURT's vision for improving governance systems after 2014 remains currently unclear.

Corruption: The evidence reviewed shows a society where corruption is highly prevalent, and risk of corruption is substantial. After some positive movements in 2012, there have been few significant developments in the fight against corruption this year. Three cases in key sectors (Health, Port, Energy) are not progressing, despite consent to prosecute having been obtained. A high number of unresolved corruption cases remain in the courts. Under-use of administrative sanctions is also a central concern. Tanzanians perceive an increase in corruption over the past 4-5 years and rank Police and Judiciary as most corrupt sectors. Looking at a wider range of indicators, the overall trend on corruption appears more static than positive. Recently published data sources show a slight decline in scores for Tanzania, although this

mostly refers to 2012 rather than 2013. Whilst corruption in Tanzania appears to be similar or slightly less severe than the average across Africa, the key question remains whether an active fight is in place. This is currently in question and the coming months will provide a critical test of the Government's commitment. The reintroduction of regular HLD and progress report provided by GoT at the last HLD on anti-corruption is valuable.

## PERFORMANCE ASSESSMENT FRAMEWORK 2014

CWG 1: Growth and reduction of income poverty					
		Baseline 2013	Target 2014	Target 2015	Target 2016
1.	Improvement of collective warehouse based marketing for maize (MAFS)				
	Number of Farming Business Organisations (FBOs) formed and operational	0	25	125	
	Number of collective warehouse based marketing schemes operational	0		75	150
	Average increase in farm gate price for maize (at the operational warehouse)				30%
2.	TANESCO revenue collection improved by 20% (by September 2014) (MEM)	January 2013			
3.	Roadmap for Power subsector reform published by June 2014 (MEM)				
4.	Throughput per annum at DSM Port in million tons (MOT)	Baseline 2012: 12.1	14	16	
5.	Proportion of urban, district, and feeder roads in good or fair condition (PMORALG)	60%	61%	62%	

CWG 2: Improvement of quality of life and social wellbeing					
		Baseline 2013	Target 2014	Target 2015	Target 2016
6.	The number of districts with Pupils-Teachers ratio of $\geq 50$ in Primary Schools decreased by 2014 (MOEVT)	39 out of 159 Districts	25 out of 160 districts	15 out of 160 districts	
7.	Reduced proportion of Councils with nurses/nurse midwives $\leq 3/10,000$ population (MoHSW)	Baseline 2013: 31.6%	24%	16%	
8.	Number of additional water points and beneficiary population in rural areas accessing safe and clean water. (MOW)	49,310 water points (3,556 additional water points in 2011/2012) Serving a total of 12,327,500 people in rural areas (889,000 additional people in 2010/2011)	75,943 water points (18,000 additional water points in 2013/2014) Will serve 18,985,750 people (4,500,000 additional people in 2013/2014)	95,943 water points (20,000 additional water points in 2014/2015) Will serve 23,985,750 people 5,000,000 additional people in 2014/2015	
CWG 3: Governance and Accountability					
		Baseline 2013	Target 2014	Target 2015	Targets 2016
11.	Bill of Legislation, which institutionalizes TEITI as an independent entity and conforms to EITI's principles and standards, submitted to parliament by October 2014. (MEM)				
12.	Following the issuance of a circular from Government to MDAs and LGAs, on open data to clarify the public release,				



	<p>sharing in machine readable format and usability of data, the ministries of Education and Water have openly shared disaggregated sector data and establish prototype dashboards for monitoring progress and thereby improve policy decision making and citizen participation BY September 2014.</p> <p>(PO-GGCU, MOW and MoEVT)</p>				
<b>CWG 4: Macro and PFM</b>					
		<b>Baseline 2013</b>	<b>Target 2013</b>	<b>Target 2014</b>	<b>Target 2015</b>
10	Domestic tax revenue + non-tax revenue as a share of GDP (MOF-PAD)	17.8% (PAF 13)	18%		
11	Financial health of sectors: Energy : Cap on subsidy to TANESCO (MOF – BUDGET)		2.5%		

No.	DP OUTCOME INDICATORS	Baseline 2011	Target 2014	Target 2015	Target 2016
1.	% of Budget Support disbursed within the first quarter of the GoT fiscal year.	17%	65%	65%	
2.	% of budget support disbursed at the latest during the quarter indicated in the disbursement schedule agreed with GoT at the time of confirmation of commitment.	98%	100%	100%	

## **SECTOR REPORTS**

### **TRANSPORT SECTOR REPORT: PROGRESS AGAINST THE PERFORMANCE ASSESSMENT FRAMEWORK (PAF) FOR GBS ANNUAL REVIEW 2013**

#### **1. Summary**

All of the four KPA actions were achieved, and thus this KPA has been achieved. However, of the four outcome indicators, none met the targets although all seemed in progress and missed the targets by the smallest of margins.

The transport sector has been in transition from the Transport Sector Investment Plan (TSIP) I to TSIP II, the latter being currently in the second year of its implementation. TSIP II had been finalized toward the end of last fiscal year, having been prioritized and realigned with the MTEF. At the same time, there were fundamental institutional reforms with the National Transport Policy and the National Road Safety Policy having been amended after many years from the original versions.

Fundamentally, the transition is towards scaling up of capital development of transport infrastructure accompanied by modal rebalancing through rail and port subsector development with private sector participation under PPPs and LGA road development, which are all in all aligned with Mkukuta II and FYDP priorities. However, the new strategy is still to be operationalized through projects and programs, the most critical instrument for operationalization being TSIP II. The legacy of the TSIP I is weighing heavily on the sector as it strives to launch the new projects and programs under TSIP II, i.e., the carried over arrears and unfunded contractual obligations.

Against this background, the current sector budget falls considerably short of the funding requirements of the projects and programs contained in the TSIP II and the Big Results Now (BRN) Initiatives.

**Strengths:** institutional reforms in line with long term sector priorities. In the Port of Dar es Salaam there was considerable progress with assistance from TMEA, which instrumental in meeting the requirements of the KPA.

**Weaknesses:** The current budget has a large financing gap. The arrears are still emerging. There is no direct budgetary funding for rural road development.

Overall assessment of developments in the PAF area is **“Satisfactory.”**

## **2. Detailed performance assessment for 2013**

### **a. Overview**

#### **Good performance<sup>5</sup>**

There was considerable progress in institutional reforms.

- The Draft National Transport Policy and Strategy were reviewed by the President’s Office for Public Service Management, and now a cabinet paper is being drafted for final approval of NTP and NTS.
- The Draft National Road Safety Strategy is now being reviewed by MOW.
- The National Road Safety Agency Implementation Team was established. The team is now working on the business plan and strategic plan.
- The Draft Road Safety and Traffic Bill was sent to the Cabinet for approval.
- The Road Financing Regulations have been approved and waiting to be gazetted.

TSIP II was finalized after prioritized and aligned with the MTEF. As part of TSIP II

LGTP II was finalized as well. The BRN Initiatives in the transport sector were launched, giving the Government policy a sharper focus.

#### **Weak performance<sup>6</sup>**

A financing gap for BRN

A substantial financing gap appears to remain in the current and future budgets on account of the BRN Transport Initiatives, which will have to be filled as part of the sector-wide financing gap. An ambitious BRN initiative in the transport sector has a total funding requirement of Tshs 3.8 trillion over the next two years, of which two thirds, Tshs 2.5 trillion or Tshs 1.3 trillion per year, are to be sourced from the Government budget. The BRN is significantly underfunded, and the full implementation will require an innovative way of financing including PPPs, an infrastructure fund, or infrastructure bonds.

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<sup>5</sup> The draft progress report on Action Plan, Annex 2 to the *Aide Memoire* 6<sup>th</sup> JTSR.

<sup>6</sup> 7<sup>th</sup> JTSR and DP concluding remarks.

## Over budgeting, underfunding, and arrears

Experiences under the TSIP I clearly show a tendency towards consistent over budgeting and underfunding of the development programs and projects. Accompanied by over contracting, this tendency resulted in arrears, which totaled Tshs 376 billion at the end of last fiscal year, more than double the corresponding amount a year earlier.

GOT appears to have used proceeds from the external commercial borrowings to substantially pay down the arrears in the final quarter of last fiscal year. However, a net increase in outstanding arrears during last fiscal year means emergence of new arrears then, and will continue to emerge this fiscal year unless the Government deals with the fundamental cause in the sector finance.

DPG Transport has proposed a comprehensive approach to dealing with the issue of arrears, and will continue to coordinate with MOT, MOW, and MOF.

To deal with the underfunding issue of TSIP II, inclusive of LGTP II, it has been agreed that a Special JTC session will convene every year in October to assess the past year's implementation, and will prioritize and sequence the next year's plan accordingly.

### **b. Key Policy Action**

Transport KPA:

“Implement intermodal transport measures to ease movement of goods to & from Dar es Salaam Port”

This KPA in its second year has four actions as follows. For the KPA to be judged “Satisfactory” at least three out of the four should be achieved.

- Increases pre-arrival lodgement system and cargo manifest reported into the ASYCUDA (Automated System for Customs Data) system to 95%.
- Start implementing the action Plan Matrix for strategies for TPA to move to a landlord status
- RAHCO/TRL investment programme and business plan approved by GoT.
- Procurement for central line spot improvements and rolling stock purchases commenced.

Status:

- The compliance ratio of pre-arrival lodgment of cargo documents has risen to 95 percent.
- Four/five out of seven have been initiated.

1. Options and needs analysis for different cargo trades will be evaluated following completion of a Berths 1-7 feasibility study including options for PPPs. This study has been advertised for EOI, which is now being evaluated.

2. Labor issues will be studied by a task force.

3. TPA costing accounting manual. Consultant at work to finish by Feb. 2014.

4. TPA maritime training need assessment. Part of BRN and donor assistance is sought.

5. Upgrading of Berths 1-7 and modernization of cargo operations study. Will conduct studies in stages.

6. Land survey. Cadastal survey ongoing and will finish by October 2013.

7. Landlord capacity building for MOT, Sumatra, TPA ongoing.

- The consultant, CPCS Transcom (Canada) submitted final investment and business plans. GOT is expected to approve them.
- TRL signed a contract with Electromotive Diesel of La Grange, Illinois for procurement of 13 locomotives in April 2013. TRL signed a contract with Engineering & Industries LTD of India for procurement of 274 freight wagons in March 2013.

**c. Review of progress on outcome indicators**

***O11***

% of trunk and regional roads network in good and fair condition (MOW)

**Target: 87%**

**Actual: 87%**

Source: TANROADS Quarterly Report, Data for this indicator is reported quarterly by Tanroads Regional Managers in 21 mainland regions. The condition indicator is based on a road by road visual assessment of the entire trunk and regional network where physical condition is recorded. The reported results are compiled by TANROADS HQ.

**Outcome: Not achieved**

***O12***

% of rural roads that are passable (good and fair) (PMO-RALG)

**Target: 61%**

**Actual: 60%**

**Source:** This indicator is based on the Local Governments Annual District Road Inventory and Condition Survey (ADRICS). The condition indicator is based on a detailed recording on standard forms of the actual current condition of all classified district roads and their drainage structures. This survey is normally carried out in October/November and is used for the annual planning and budgeting of road interventions in the districts.

**Outcome: Not achieved**

**OI 3**

Dwell time import container

**Target: 7 days**

**Actual: 8 days (average of 12 months to June 2013)**

The time it takes from off-loading until clearing from port at Tanzania International Container Terminal Services (TICTS) for the month of June for an import container

Source: TPA Quarterly Report, Sector Review Report

**Outcome: Not achieved**

**OI 4**

Ship turnaround time (container)

**Target: 4.3 days**

**Actual: 5.7 days (average of 12 months to June 2013)**

The time it takes between the arrival of a vessel at outer anchorage and its departure from port. Figure at TICTS for the month of June for a container.

Source: TPA Quarterly Report, Sector Review Report

**Outcome: Not achieved**

## Public Financial Management

### Sector Report: Progress Against the Performance Assessment Framework (PAF) for GBS Annual Review 2013

Contributors *MoF, PFM GoT and DP secretariats, PFM DPG*

Date *8 Jan 2014*

#### 1. SUMMARY ASSESSMENT

##### Overall Assessment

This sector report is prepared on the basis of information provided during the recently completed 2013 Joint Supervision Mission of the PFMRP IV. The report also draws from the conclusions of analytical work in the sector namely the PEFA central government 2013 report, OBI 2012 survey and other available assessments of PFM interventions in Tanzania. It is therefore recommended that this synthesized sector report is read in conjunction with the above mentioned reports.

The PEFA Report 2013 indicates **significant improvement in PFM systems since 2009**. Tanzania has made some progress on revenue management recording increase in revenue mobilisation but tax exemptions have increased significantly. Further, there has been significant improvement made on orderliness and participation in the annual budget process despite it still needing some fine tuning Tanzania continues to show improvement in the functioning of its oversight institutions and regulatory institutions of Ministry of Finance – IAGD, NAO, TR, PPRA. The report conclusions provided an opportunity for some fine tuning of the PFMRPIV during the supervision mission. However, in two areas, limitations and weaknesses persist: credibility of the budget and budget execution - in particular cash management and internal controls. High level of reallocations and lack of predictability in fund flow distort the execution of the budget along with accumulation of expenditure arrears.

With regard to PFM reforms, there is consensus among DPs and GOT that **PFM reforms are making good progress**. Performance across different PFMRP IV KRAs varies. Activities related to Planning & Budgeting (KRA 2), Budget Execution-specifically on payroll control and debt management (KRA 3) & Budget Control and Oversight (KRA 4) show good progress, while those on Revenue Management (KRA 1) and Change Management (KRA 5) show mixed progress. Some of the milestones outlined in the M&E framework of the reform programme have already been achieved with a majority are on track, while a few of them have been delayed or remain pending.

With regard to the **GBS PAF 2013, PFM is rated satisfactory**. Two (2) of the KPAs (on budget transparency and intergovernmental fund transfer action plan) are likely to be achieved and 2 KPAs (legislation towards enhanced tax revenue mobilization and ICT integration action plan) are not likely to be achieved. It is worthwhile noting that the significant progress has been made on the pending KPAs. Out of the 4 Outcome Indicators, 1 OI (value of tax exemptions) is not achieved and 1 OI (outstanding audit matters) will not be rated. However, efforts are being made to make progress towards these key elements. Similarly, on the

database with outstanding audit matters, it is important to note that the task requires a comprehensive process of which progress has been made (manual collection of data completed) and thus the NAOT will need more time to work on a suitable software solution.

Across the PFM spectrum, it is important to highlight that some of the temporal blockages in the PFM process are linked to pending legislative procedures. With the change in the parliamentary calendar due to Nov Bunge focusing on draft Constitutional Review, various legislative pieces/ bills (TR Act, VAT Act, Loans & Guarantees, Tax Administration, Public Finance Act, Local Government Finance Act) are unlikely to be tabled until February 2014 at the earliest. At the same time, some legislation is still under finalization.

## **2. DETAILED ASSESSMENT** *[max. 4 pages]*

### **2.1. Areas of good and weak performance** *[max. 2 pages]*

**Main Sources of Information** *PEFA Central government 2013 report, 2013 joint supervision mission Aide Memoire and meetings, TWG meetings, workshops and thematic presentations under PFM RP/IV.*

A notable achievement has been the successful transition to the new budget cycle (starting FY2013/14) which is expected to have a positive impact on timeliness and completeness of fund flows to service delivery units at the local level.

Other key achievements include the closure of a significant number of dormant bank accounts and the decision of 6 bank accounts only for each LGA. However, pressure from development partners funding requirements poses a threat to the enforcement of the 6 bank account rule. Formal procedures to establish a unique Debt Management Office are at advanced stages and the proposed new Treasury Registrar (TR) Act is expected to further enhance the powers of the TR and streamline governance requirements of PA&OBs.

On the Local government front, Substantial achievements have been made through the upgrading of EPICOR software, with 6 modules out of 10 in operation. Its extension to all LGAs is likely to have a positive impact on financial planning and reporting, as monitored centrally by PMO RALG.

Another highlight has been the NAO's achievement of AFROSAI level 3 making it the second supreme audit institution to do so in Africa. Other NAO achievements include being conferred best audit award in East Africa region and dissemination of its Citizen's Audit report (for FY2011/12) in July 2013.

Evident from the PFM RP, the main factors enhancing performance include commitment and engagement of Heads of Divisions/Departments in pushing for achievement of targets as well as availability of senior



management in addressing sticky points in progress and setting remedial solutions. Despite the slow start to the procurement process, the MoF managed to complete the *Intergovernmental Fund Transfer* study and technical team have agreed on a costed action plan with top management agreement foreseen before end of quarter. Similarly, the draft report is now available for stakeholder discussion of the *Study on Non-tax revenue* with the objective of integrating and harmonising non-tax revenue collection systems and an action plan to follow-up on recommendations is expected to be in place by June 2014. An additional plus, in most technical meetings is that Heads of Divisions/Departments have made themselves available. It helps that, unlike previous phases, PFMRP IV is guided by a clear M&E framework that sets the milestones across all 5 KRAs over the 5 year period. This M&E framework helps to steer GoT-DP dialogue along key targets discussed and agreed in technical working groups (TWGs). The PFMRP secretariat has also been enhanced with capacity to help support the much needed coordination efforts.

On the other side, the bottlenecks are evident in the area of budget credibility specifically noting that significant number and volume of reallocations prevail in FY2012/13 notably channeled towards financing of locally funded development. Given the PEFA conclusion, the PFMRP will attempt to address this issue through a review of budget reallocation warrants for the last couple of years. It is also noted that the PER process will complement efforts in exploring the sources of weakness in budget credibility. However, it is worth acknowledging that there are several non-technical factors that impact on budget credibility and which are beyond the control of the MoF.

Other weaknesses are evident in budget execution specifically in cash flow management and payment arrears, internal controls, fiscal risk posed by PA&OBs, budget documentation and compliance with audit recommendations. With regards to cash management issues, the issue relates to commitments entered outside of the financial management system, frequent reallocations between MDAs and the consequent build-up of arrears having to be paid at the expense of planned service delivery. Starting Dec 2013, the Accountant General will present a monthly report on payment arrears to the cash ceiling committee with the intention of minimising arrears. The need for a more robust and regular cash flow forecast analysis by the cash management unit, informing the cash ceiling committee, remains necessary.

On other areas of weakness, remedial solutions (new milestones) have been formulated with a) Treasury Registrar/DMO expected to take a more proactive monitoring of contingent liabilities and b) Internal Audit General enhanced proactive monitoring of MDA and LGA compliance with audit recommendations. It is unfortunate that Progress on the establishment of a NAOT database on audit recommendations has been slow, although manual consolidation of past audit queries and recommendations from resident auditors is on-going. NAOT is looking for alternative options for developing appropriate software for tracking outstanding audit queries.

On the flow of funds to LGAs, a notable delay is in the finalization of a thorough review of the design and use of different LGA resource allocation formula as well as setting up an interface between MoF IFMS (Epicor) and PMORALG IFMS (Epicor) in order to capture approved budget and transfers to RSs and LGAs. The latter critical activity will enable real-time information flow on fund transfers to LGAs. On the former (budget allocation formulae), this review examine the existing LGA resource allocation formula for both recurrent, and development grants sector and recommend an appropriate design and its application to attain equity.

Overall and outside the control of the MoF, the slow pace of progress in the enacting of PFM legislation continues to pose significant strain on progress in some areas. For example, the enactment of the Loans and Guarantees Act remains a crucial piece in the full operationalization of the Debt Management Office (DMO). The operationalisation of the Public Procurement Act 2011 remains pending and progress on the review of the Public Finance Act remains slow.

The key lesson learnt is the need for better coordination of efforts among the MoF components and those outside the MoF. For example, to achieve improved revenue forecasting, there is need for better harmonization of approaches on capacity development between MoF-PAD and TRA. Similarly, with respect to the ICT integration plans, inter-agency collaboration (MoF and POPSM/e-governance agency) remains key to successful design (and use) of a peri-financial integrated system. There is also need to recognize the need for a sequencing of reform priorities.

Further, there is need for a greater collaboration between PFM donors notably establishing better links between PFMRP and IMF East AFRITAC efforts in overtly outlining the areas of intervention from IMF East AFRITAC and how PFMRP can complement these actions.

The general approach for addressing key PFM reform obstacles has been to use the opportunity of the Supervision of the PFMRPIV together with the PEFA assessment and other component assessments as a lens to fine-tune critical elements of the programme in an effort to improve performance and achieve better results in the future assessments. In this framework, a limited number of key PFM issues have been identified as necessitating particular attention in the next FY to address the obstacles.

## 2.2. Key Policy Actions

**a) KPA 1:**

**Interface central and local government ICT with technical control and new software acquisition, and all new software developed becomes centrally coordinated**  
 Sequenced prioritized and costed action plan to bring all GoT financial and peri-financial software under one common Government Financial systems architecture with supporting technical infrastructure and management structures completed and approved by the GoT by June 2013.

**Assessment** "Not achieved"

**Main Sources of Information** of 2013 PFMRP Joint Supervision Mission Aide Memoire; PFMRPIV TWG meetings

The finalization of the ICT mapping study is delayed but there is good progress with stakeholder consultation

undertaken. However, discussions between the Government agencies and consultant are still necessary before the report can be finalized. Further analysis needs to be done before GoT can decide which of the recommended models coming out of the report will be the most suitable one and as such, the sequenced and costed action plan is delayed. A new timeline for final report acceptance will determine the timeframe for the costed action plan development.

**b) KPA 2:**

**Increase budget transparency and public access to key fiscal information**

Based on the new budget cycle for FY2013/14, the Government ensures publication of the budget with:  
 (i) the executive budget proposal [Volumes I-IV] as submitted to the Parliament published on the Ministry of Finance website, June 2013  
 (ii) the approved budget [all volumes] published on Ministry of Finance website by September, 2013  
 (iii) citizens budget published by November, 2013  
 (iv) budget execution report (year-end report) preliminary budget out turn published on Government of Tanzania websites by November 15, 2013

**Assessment** "Achieved"

**Main Sources of Information** *MoF website; 2013 PFMRP Joint Supervision Mission Aide Memoire*

*The KPA is on track as the:*

- Executive Budget proposal as submitted to parliament II-IV have been published on MoF website in June 2013 except volume I (which still needs due approval)
- Approved budget II-IV have been published on MoF website in September 2013 except volume I (which still needs due approval)
- Citizen budget under preparation with same CSO than previous years published on MoF website in Nov 2013
- End-of-year budget execution report to be published in Jan 2014

**c) KPA 3:**

**Streamline and rationalize national systems and processes for intergovernmental transfers to LGAs**

Comprehensive and sequenced two-year work plan, including a time-bound M/E framework with defined roles and responsibilities, to address shortcomings of the systems and processes of intergovernmental transfers finalized by June 2013. Key actions starting to be implemented by October 2013.

**Assessment** "Achieved"

**Main Sources of Information** *2013 PFMRP Joint Supervision Mission Aide Memoire; PFMRPIV TWG meetings; IGFT final report; IGFT draft detailed action plan*

The work plan development was preceded by a comprehensive study on intergovernmental fund transfers to LGAs whose final report was discussed and used by stakeholders to draft the action plan in October 2013. A detailed action plan has been agreed on technical and director's level in MoF, PMORALG, select LGAs and select sector ministries in Nov 2013. Senior management approval is foreseen before end of quarter 2013 as well as political decision for some of the recommended actions.

#### **d) KPA 4**

##### **The Government improves efficiency in tax revenue mobilization both at the policy and the administration levels by updating legal instruments towards international best practices**

- i) Submission of a Bill to Parliament to enact Tax Administration Act for the purpose of establishing a common tax procedure among different taxes collected by Tanzania Revenue Authority by end-April 2013
- ii) Study on Non-Tax Revenue – “Integration and Harmonization of Revenue Collection Systems” in place by November 2013, and action plan to follow-up on recommendations by June 2014
- iii) Submission of a new VAT Bill in line with best practice to Parliament by end-April 2013

**Assessment** “Not Achieved”

##### **Main Sources of 2013 PFMRP Joint Supervision Mission Aide Memoire; PFMRPIV TWG meetings Information**

- i) A draft of Tax Administration Bill has been approved by Cabinet and has been submitted to Attorney General for verification. Attorney General submitted comments to the Legal department in MoF. Resubmission to AG is planned for early November. Once ready, the revised draft will be resubmitted to Cabinet committee for constitutional and laws before proceeding to parliament. The Bill is likely to be tabled in February 2014 to Bunge session.
- ii) An inception report has been discussed with key stakeholders (revenue-generating MDA's). A draft report has been submitted end of October to MoF and discussions with stakeholders have taken place and the consultant is finalizing the report. This indicator has been achieved.
- iii) Concept paper to amend act is been submitted to cabinet. Draft Bill is still been worked on by IMF and MoF after 1<sup>st</sup> submission to Cabinet. Draft Bill will be shared to internal stakeholders for comments. Recommendations from the soon to be finalized PER study on tax exemptions in the new VAT act will also be looked at before submitting to Cabinet and AG.

Two out of three indicators have not been achieved yet as per agreed deadlines, even though progress has to be noted. The 2<sup>nd</sup> indicator (study) is likely to be achieved within the agreed deadline.

## 2.3. Outcome Indicators

### a) Outcome Indicator 1:

**Average level of compliance of the top 20 procuring entities with the (revised) Procurement Act 2011. (MOF-PPRA)**

<b>Assessment</b>	<b>"Achieved"</b>
<b>Indicator Values</b>	<b>Baseline 2012: 67.7%</b>
	<b>Target 2013: 71.1%</b>
	<b>Status 2013: 71.9%</b>

**Main Sources of Information** of *PPRA Annual report (FY2012-13)*

The average compliance 2012-2013 for the top 20 procuring entities is reported as 71.9% by PPRA. As such the target is achieved.

### b) Outcome Indicator 2:

**Reduction in outstanding audit matters (MOF-NAO)**

<b>Assessment</b>	<b>"Cannot be rated"</b>
<b>Indicator Values</b>	<b>Baseline 2012: Not set</b>
	<b>Target 2013: Not set</b>
	<b>Status 2013: -</b>

**Main Sources of Information** of *2013 PFMRP Joint Supervision Mission Aide Memoire; PFMRPIV TWG meetings*

The indicator cannot be rated. The outstanding audit matters are collected by the respective resident auditors individually and manually. There is no central electronic data base to list outstanding audit matters per year and per auditee. NAO has collected background data from resident auditors and undertake currently data cleaning. What remains is decision what type of software to be used for data base and analysis. This however, takes time due to staff and time constraints at the NAO and could not be finalized until now. As such, since the baseline and target were not communicated as expected, this indicator cannot be rated.

**b) Outcome Indicator 3:****Domestic tax revenue + non-tax revenue as a share of GDP (MOF-BUDGET)**

<b>Assessment</b>	<b>"Achieved"</b>
<b>Indicator Values</b>	<b>Baseline 2012: 19.4</b>
	<b>Target 2013: 17.8</b>
	<b>Status 2013: 19.4</b>

**Main Sources of RBA 2013 Information**

From data provided in the RBA 2013, the **Domestic tax revenue (16.2) + non-tax revenue (1.6) as a share of GDP for 2012/13 was 17.8%. As such, the outcome indicator is achieved since the target is 17.8%.**

**However, the analysis in the RBA 2013 shows that compared to the Budget estimates (18.8) for domestic revenue and non-tax (2.1), both shares were below target by close to 1% of GDP for domestic and 0.2% for non-tax revenues.** However, there was relatively good performance in tax revenue collection driven by the collection of domestic taxes especially corporate income taxes and withholding taxes which grew by 33 percent and 37 percent, respectively, between 2012/13 and 2011/12. These improvements are explained by intensification of tax audits, recovery of tax arrears, increasing transactions that attract withholding taxes (dividend payment to shareholders by companies), and enforcement on the use of Electronic Fiscal Devices (EFDs).

**b) Outcome Indicator 4:****Value of tax exemptions as a share of GDP (MOF-PAD)**

<b>Assessment</b>	<b>"Not achieved"</b>
<b>Indicator Values</b>	<b>Baseline 2012: 3.9</b>
	<b>Target 2013: 1.6</b>
	<b>Status 2013: 3.1</b>

**Main Sources of RBA 2013 Information**

From RBA2013: The lower than expected domestic revenues was recorded in spite of a significant effort to reduce tax exemptions in 2012/13. Preliminary data shows that tax exemptions as a percentage of GDP declined to 3.1 percent in 2012/13 (PAF 2013 indicator), from 3.9 percent of GDP in 2011/12. Both customs and domestic revenue departments recorded a decline in tax exemptions. That said, tax exemptions as percent of GDP remain

relatively high, accounted for largely by exemptions of VAT and custom duties to private companies and individuals, particularly mining companies, and TIC registered companies.

Given this information from RBA 2013, this outcome indicator has not been met.

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## **PUBLIC SERVICE REFORM PROGRAM (PSRP) II**

### **Joint Annual Review**

### **Report**

**November 11 to 19, 2013**

#### **Introduction**

##### *Development Partners*

1. The Development Partners (DFID and DFATD-Canada [formerly CIDA]) conducted a joint annual review of the PSRP-II from November 11<sup>th</sup> to 19<sup>th</sup> 2013. The mission team comprised Charles Sokile, Public Sector Adviser, William Evans, Governance Adviser and Francis Sampa from DFID; and Marie-Hélène Côté, First Secretary, and Jared Duhu, Senior Development Officer from DFATD, and Joyce Kafanabo, PO-PSM Program Coordinator of the PSRP-II who participated continuously in the mission.

##### *Implementing Partners*

2. The Mission held discussions with the Permanent Secretary, PO-PSM, as well as Directors responsible for each of PRSP II's four Key Results Areas. The review included a meeting with senior officials at the Prime Minister's Office – Regional Administration & Local Government (PMO-RALG).

3. In addition, the Mission met Directors and Senior Staff at the Ministry of Lands, Housing and Human Settlements (MLHHS), the Ministry of Energy and Minerals (MEM), the Ministry of Agriculture and Food Security (MAFS). They also met Directors at two Executive Agencies, the National Bureau of Statistics (NBS) and the e-Government Agency (eGA).

4. The review team also held meetings with the District Executive Director, Iramba District (Singida Region) as well as four hospitals, Temeke and Mwananyamala District Hospitals (both in Dar es Salaam), Iramba District Hospital, and Dodoma Regional Hospital.

5. The Annual Review included a visit to the National Records Centre at Dodoma, and meetings with its Directors.

### **Background and Objective**

6. PSRP II started in January 2008, following a successful closure of PRSP I, which began in 2000. PSRP II was supported by DFID (USD 40 million) and CIDA (USD 20 million) and the World Bank (USD 40 million) through an Adaptable Program Loan (APL), itself delivered through the Bank's Performance Results and Accountability Project (PRAP). The overall program aimed at creating an efficient public service capable of delivering better services to the population of Tanzania. PSRP Phase II seeks to enhance performance and accountability of ministries, departments and agencies (MDAs).

### **PSRP-II Development Objective**

7. The revised objective for PSRP II is to enhance performance management in select Ministries<sup>7</sup>, Departments and Agencies (MDAs) of the United Republic of Tanzania and to increase their responsiveness to clients.

8. The Development Objective of the program was revised in May/June 2010 during the joint Mid Term Review (MTR). The Results Framework was also revised to reflect the revised Development Objective. Funding for the programme was also revised as follows: DFID (USD 27.8million) and CIDA (USD 19.2 million) and the World Bank (USD 30 million) In December 2012, World Bank support came to an end.

9. The 2013 Annual Review assesses implementation based on the revised framework. The revised PSRP II has four KRAs which are:

- KRA 1: Systems and policies to support service delivery: Combining the earlier KRA 1 and 2.
- KRA 2: Human resources management, pay and incentives, leadership and capacity development: Combining the earlier KRA 3, 5 and 6.
- KRA 3: Change management and reforms coordination: Same as the earlier KRA 7.

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<sup>7</sup>The selected 15 MDAs are: (i) Ministry of Education and Vocational Training; (ii) Ministry of Health and Social Welfare; (iii) Ministry of Agriculture, Food Security, and Cooperatives; (iv) Ministry of Water; (v) Ministry of Lands, Housing, and Human Settlements; (vi) Ministry of Industries and Trade; (vii) Prime Minister's Office- Regional Administration and Local Government; (viii) Ministry of Works; (ix) Ministry of Labor and Employment; (x) PO-PSM; (xi) Public Service Commission; (xii) Public Service Recruitment Board; (xiii) TFDA; (xiv) BRELA and (xv) Ministry of Home Affairs. PRAP does not support this Ministry. PSRP-II will also support five MDAs in the Revolutionary Government of Zanzibar which are being identified.



- KRA 4: Accountability and responsiveness to the public: Same as the earlier KRA 4.

### **Mission Objectives**

10. The main objective of the mission was to assess implementation of the Programme. Specific objectives were to:

- (a) Review program implementation over the period July 2012 to June 2013 on the basis of the Annual Progress Report and the progress over the first quarter of FY 2013/14 on the basis of the Progress Reports of Quarter.
- (b) Review Progress in the implementation of the Human Capital Management Information System.
- (c) Review the progress in the operationalization of the National Records Centre at Dodoma.
- (d) Review progress in implementation of the performance management, accountability and diversity management tools and initiatives developed by the PO-PSM in three ministries and two Executive Agencies in Dar es Salaam.
- (e) Visit a hard to reach district and review work undertaken by PO-PSM namely the development of incentive packages, implementation of HCMIS and records management.
- (f) Review implementation of tools at Regional and Local Government through discussions with management at PMO-RALG and visit service delivery facilities
- (g) Identify key project implementation issues and agree next steps for resolution of outstanding issues.

### **Program Implementation Progress**

11. During the period July 2012 to June 2013, PRSP II has made **satisfactory progress**, following its restructuring. Many activities planned for 2012/13 have started, and some are complete. Those that have not started are in the advanced planning stage and are likely to be achieved within the program lifespan.

12. Delays in funding disbursement in the last fiscal year (most MDAs did not receive funding until November and December 2012) have led to delayed completion. In addition, a focus on bulk spending and procurement by the World Banks fund in the last quarter of 2012/13 has also delayed implementation of other activities. The Permanent Secretary and senior management of PO-PSM nevertheless remain confident that the program will successfully accomplish all planned activities by June 2014.

### **General observations**

13. The review mission notes the following general observations.

14. PRSP II needs to better demonstrate results, notably through final population of the results framework. The framework must focus on improvements in tangible service delivery indicators and targets. It should go beyond indicators that focus only on the deployment of tools and systems that support improved service delivery. PO-PSM must in collaboration with PMORALG interact with LGAs, work closely with other reform programs, and with the Reform Coordination Unit in order to capture results achieved.

15. The implementation of the Big Results Now agenda presents both opportunity for synergy and a significant challenge to PO-PSM in the medium-term. While PO-PSM and hence PSRP II remain relevant to national development, the existing resources, tools and management solutions available through PRSP II must be more actively deployed to help achieve BRN.

16. Implementation of activities must accelerate to ensure that final disbursements are made well in advance of program closure in mid-2014. There must be a balanced absorption of funds across all activities, rather than a high commitment of funds to incomplete activities. Activity implementation and disbursement of funds must be achieved in the context of the government having brought forward the budget allocation process, which means that PO-PSM must decide now (before the end of 2013) which activities to do in 2014, the final year of the program.

17. Whilst the deployment of performance management systems and tools (part of KRA 1) has overall been moderately satisfactory, implementation and completion rates for OPRAS remains unsatisfactory given its previous establishment under PRSP I. Renewed and rigorous efforts to ensure compliance, right from the top of each MDA should be undertaken.

18. The range of performance management systems and responsiveness/accountability mechanisms need to be harnessed more effectively in order to scrutinize and reform particular business processes. Identification of challenges experienced in meeting Strategic Plan objectives and Client Service Charter targets, as well as the review of grievances raised through Complaints Handling Mechanisms are both useful processes that can be constructively used to focus on the reform of core business processes.

19. The impressive progress made in completing the National Records Centre should be accompanied by further communication to MDAs on its purpose and utility, and by further consideration of its use as a national digital repository for both public sector and private sector organizations.

20. Out of 106 activities and 43 targets planned for FY 2012/13, 99 and 42 were implemented and met respectively, due to change in implementation strategy. Of the 42 targets 39 (92.9 percent) were realised while 91 (91.9 percent) out of 99 activities were fully implemented.

21. 10 Milestones were identified to allow PO-PSM track major accomplishments under the period. By June 30th, 2013 eight (80 percent) of the milestones were met while two milestone (20 percent) were partially met.

## **KRA1:Systems and policies to support service delivery**

Overall score	Moderately Satisfactory
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### **Records Management**

Score	Satisfactory
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22. Records management across MDAs continues to improve, especially in registries, with retrieval times for subject records further decreasing, and filing systems and protocols being standardized across the public service.

23. Progress on completion of the National Records Centre in Dodoma has been good, with re-tooling largely complete, many of the outstanding construction and finishing tasks now having been resolved, and more than 4,500 boxes of files transferred. The NRC is beginning to deliver savings in other MDAs by freeing up space (sometimes rented space) for other uses. For example, 40% of records previously kept in the Northern Zone and transferred to the NRC saves US\$50,400 per year as hiring cost for office space and approximately 4000 boxes transferred from the Central Zone have saved TShs 3.6million per year as costs for hiring and office and repository.

### **Performance Management Systems and tools**

Score	Moderately Satisfactory
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24. This assessment includes the following PMS tools: Strategic Plans, Open Performance Results and Appraisal System [OPRAS], Client Service Charters [CSC] and Monitoring and Evaluation Systems.

25. All of the selected MDAs surveyed in this Annual Review are drafting, revising and implementing Strategic Plans. In addition, a number of them are already considering how to accommodate the Big Results Now agenda within these plans.

26. OPRAS implementation is variable; with PO-PSM itself estimating that the percentage of staff who completed OPRAS for 2012/13 was 60.8% and for 2013/14 is currently at 73% as the number of staffs who were supposed to complete OPRAS for 2012/13 was 294 but 179 staff completed the forms. Reasons for those who did not complete include leave without pay, long term training, ill health, etc. Non-compliance is being addressed with success through the exertion of pressure on Permanent Secretaries by the Chief Secretary.

27. Each of the MDAs, local administrative bodies and service providers visited during the review had a Client Service Charter of some type, available either online, in pamphlet form or (at regional and district levels) written on walls or signboards.

28. Each of the MDAs visited now has either a designated M&E unit or M&E officer, having been established with the support of PO-PSM. M&E units are increasingly required to play an active part in providing data for monthly, quarterly, semi-annual and annual reports.

**Executive Agencies and Restructuring**

Score	Satisfactory
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29. PO-PSM has continued to restructure MDAs and re-engineer services. To date, 37 Agencies have been established, though one Agency<sup>8</sup> has been transformed to an Authority. The major outcomes of establishing Agencies have been on the improvement of service provision in terms of quality and timeliness.

30. Five Executive Agencies (FETA, eGA, TVLA, LITA and TaGLA) were launched in July, 2012. Three Agency candidates started establishment processes by developing the key instruments/documents required for establishing an Agency. The candidates include Dodoma Institute of Earth Sciences and Technology (DIEST); Kigamboni Development Agency (KDA) and Tanzania Road Safety Agency (TRSA). All the three candidates were facilitated on change and project management, development of strategic plans and Framework Documents. The documents for the two candidates (DIEST and TRSA) are with their parent Ministries for approval while all documents for KDA including the Establishment Order have already been approved.

**Private Sector Participation (PSP)**

Score	not applicable
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31. Amongst MDAs, Private Sector Participation (PSP), initiatives have come to a stop. No new PSP agreement was carried out during the year in review. Only cleaning and security services have been outsourced to the private sector as non-core functions of the government. Momentum and appetite for increased outsourcing of services seems to have dissipated. This may be due to the increased cost implications of outsourcing as well as uncertainty in government funds flow. These findings apply to both MDAs and public service administration at local levels. It should be noted however that this subcomponent on PSP was dropped after restructuring.

**E-government**

Score	Moderately Satisfactory
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32. The e-Government Agency has made significant progress in moving towards full operational capability. Recruitment and technical specification of the Agency has progressed well. Three common services (lands titles, business registry and government

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<sup>8</sup> Tanzania Food and Drugs Authority

directory) are already available online. Awareness of the Agency amongst other MDAs is good, and awareness of the services it offers is moderate. EGA appears to have embraced its role as a facilitator of improved usage of ICTs and digitization by other MDAs. EGA is increasingly focusing on providing support not just to the posting of information about government services online, but to the actual delivery of transactional services online.

33. EGA will need to continue to consider carefully its positioning as an enabler for improved efficiencies in other MDAs. The Big Results Now policy initiative in particular provides eGA with opportunities to place itself at the heart of public service reform.

### Policy development

Score	Moderately Satisfactory
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34. PO-PSM's policy making tools, in particular its policy review guidelines, have been well-received by MDAs. The manual on evidence-based policy development has now been tested in four MDAs. It is estimated that the policy effectiveness is around 62%.

35. In addition, there are growing signs of a culture of open or consultative policy-making and strategy development. PO-PSM itself has consulted 10 public bodies in revising its Diversity Guidelines, and the Ministry of Lands and Human Settlements has drawn up its new strategic plan with inputs from the Department of Economics at the University of Dar es Salaam.

### Recommendations

36. The following recommendations span the range of objectives and milestones in KRA 1:

- (a) **Records Management:** completion of the National Records Centre in Dodoma and payment of the contractor should be expedited as soon as possible:
  - (i) In particular, all final assurance and checking of the building should be completed as soon as possible, prior to expiration of the contractor's liability for any defects expiring on March 22, 2014;
  - (ii) The canteen should be abolished to further reduce chances of fire and pest hazards;
  - (iii) The fire suppressant system must be installed and tested whilst project funds remain;
  - (iv) PO-PSM should continue to bolster wider awareness of the NRC, encouraging MDAs to make use of its existing functionality;
  - (v) PO-PSM should consider how best to exploit the more advanced functionalities of the NRC, in particular its potential to serve as a national digital repository for both public sector and private sector organizations.

**(b) Performance Management Systems and Tools:**

- (i) PO-PSM, and the Reforms Coordination Unit in particular, should consider how to harmonize MDAs' existing reporting requirements with the new requirements emerging from the Big Results Now policy initiative;
- (ii) PO-PSM should place further emphasis on the robust monitoring and evaluation of Strategic Plan implementation and Client Service Charters;
- (iii) Difficulties and challenges in implementing existing Strategic Plans and Client Service Charters should be used as learning opportunities and to re-consider core business processes with a view to improving service delivery. M&E systems need to be strengthened in terms of the quality of information they capture for monitoring and evaluation, information on the implementation of the performance tools should be monitored and evaluated across MDAs;
- (iv) PO-PSM and the Chief Secretary should continue to stress the importance of compliance with OPRAS in order to substantially increase completion rates, and continue to provide training support in its use where required. While the Standing order says good performance is a precondition for annual increment, the mission observed that the practice is not so. There is also a need to have a common approach to completing OPRAS.

**(c) Executive Agencies and restructuring:**

- (i) A decision should be taken on the final, desired number (and purpose/positioning of) EAs;
- (ii) Costs incurred and cost savings through the establishment of EAs should be better captured;
- (iii) A forward plan for funding of EAs in need following the conclusion of PRSP II in 2014 must be developed;
- (iv) Oversight of EAs through ministerial advisory boards should be strengthened;
- (v) Capital investment requirements of EAs should be reviewed;
- (vi) EA independence in recruitment should be considered in the context of the Recruitment Secretariat.

**(d) E-Government Agency:**

- (i) eGA should continue to focus on how it can position itself as an enabler for other MDAs, and should consider Big Results Now as a prime opportunity to demonstrate its value to other MDAs;
- (ii) eGA should continue to provide MDAs with the specific technical support and advice for the provision of transactional services online;

- (iii) MDAs should be made aware of the eGA and the services and support it could offer to support their work
  - (iv) e-GA should seek to get and post (on the website) sex-disaggregated data for land titles and /or business registration as these are two critical areas for tracking progress made on women's economic empowerment.
- (e) **Policy Development:**
- (i) PO-PSM should continue to identify opportunities to support consultative, open, and evidence-informed **policy-making** in MDAs.
  - (ii) PO-PSM should incorporate Diversity Management Guidelines into the policy making tools to inform the evidence-based policies being developed.



## **KRA 2: Human Resource Management, pay and incentives, leadership and capacity development**

Overall score	Moderately Satisfactory
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### **Pay and Incentives**

Score	Moderately Satisfactory
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37. PO-PSM has developed an implementation plan for the Medium Term Pay Policy (MTPP). At present, 32 districts have been selected as lagging behind in human resources and service delivery, and as requiring specific incentives to attract public servants to fill posts. If introduced and implemented, the total cost of these incentives will be approximately Tsh 418 billion (approximately USD 260 million). PO-PSM is continuing to negotiate with the Ministry of Finance for allocation of these resources for the 2013/14 financial year.

38. The Annual Review found evidence that some local government administrators and administrators at hospitals were already taking progressive steps with pay and incentives to ensure the filling of posts in remote or otherwise unpopular areas, including the payment of a range of allowances or provision of accommodation.

### **Human Resource Management**

Score	Highly Satisfactory
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The Human Capital Management Information System (HCMIS) has now been updated (Lawson version 9 superseding version 7) and rolled out to all MDAs and LGAs<sup>9</sup>. Police, Judiciary & Parliament are included in HCMIS.

39. The reliability of HCMIS has been improved owing to its usage of the EPICOR public financial management ICT infrastructure. Where HCMIS is functional, public servants are paid on time and in accordance with their expected salary. Payroll integrity has improved.

### **Local Training Institutions**

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<sup>9</sup> Police, Judiciary & Parliament are included in HCMIS. So far, HCMIS is currently implemented in 371 Institutions.

Score	Satisfactory
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Tanzania Global Learning Agency (TaGLA) is now fully operational having taken over the functions of the Tanzania Global Development Learning Center. With support from PSRP II, TaGLA has been able to design and deliver preliminary courses. The Tanzania Public Service College is progressing well with a staff development program funded by PSRP II. Rehabilitation of campuses in Dar es Salaam, Mtwara and Tabora are nearing completion, and enrolment rates are high.

#### **Leadership capacity development**

Score	Satisfactory
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40. PO-PSM has continued to develop leaders at the Leadership Institute. Future leaders and top leadership programs have performed well. About 53 participants have been trained in results-based management (RBM), 548 in competency-based management and over 400 in change management, among other things.

#### **Diversity (Gender, HIV/Aids, Disability)**

Score	Satisfactory
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41. PO-PSM has issued Diversity Guidelines to all MDAs, and each of the MDAs visited, as well as hospitals, expressed awareness or familiarity with the Diversity Guidelines. Provision of an additional allowance for staff diagnosed with HIV/Aids is common across MDAs.

#### **Recommendations**

42. The following recommendations relate to KRA 2:

(a) **Pay and incentives:**

- (i) PO-PSM should proceed with its implementation plan for the Medium Term Pay Policy. It should proactively collect innovative ideas being implemented in MDAs and continue to share examples of good practice with regards to 'off salary' and non-financial rewards to improve staff recruitment and retention.

(b) **HCMIS:**

- (i) Further extension of HCMIS beyond district headquarters to service delivery points (such as schools and hospitals) should be implemented gradually owing to the associated technical and human capacity challenges.

- (ii) PO-PSM should focus on ensuring that existing HCMIS functions are operational, and that adequate numbers of staff are trained to use HCMIS

PO-PSM should ensure that where possible, any duplicated payroll reporting systems are rationalized<sup>10</sup>, and that where they persist (e.g. in Ministry of Health and Social Welfare; Ministry of Education and Vocational Training etc.) they are linked to HCMIS. These systems are there only to assist them to obtain aggregated data specifically for their own usage and reporting that are currently not captured in HCMIS, they are not used for payroll. As the HCMIS data capturing domain is being expanded, these aggregate data will be available through HCMIS and it will mark the end of the small (stand-alone) systems.

- (iii) In addition, any new staff appointed directly through the Big Results Now policy initiative should be enrolled on HCMIS.

(c) **Leadership capacity building:**

- (i) PO-PSM should continue to advocate the use of local training facilities to support leadership capacity and development;
- (ii) PO-PSM should finalize the set of leadership programs drawn up to motivate innovative and performance-oriented staff (among them the Leadership Award scheme). The criteria and process for giving the Award should be transparent, its value being undermined where this is not the case.

(d) **Diversity:**

- (i) PO-PSM should rationalize and harmonise allowances provided for persons living with HIV/AIDS for consistency in the public service.
- (ii) PO-PSM needs to follow up to see how Diversity Guidelines are being used? By whom? And if they are seen to be useful? If not, what areas needs to be added, removed or amended? This would potentially help to determine when the guidelines would be due for revision.
- (iii) Since gender is a cross-cutting theme, there is a need to have sex-disaggregated data reporting across all MDA whenever possible.

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<sup>10</sup> These systems are there only to assist them to obtain aggregated data specifically for their own usage and reporting that are currently not captured in HCMIS. These systems are not used for payroll. As HCMIS data capturing domain is being expanded, these aggregate data will be available through HCMIS and it will mark the end of these duplications.

### **KRA 3: Change Management and Reform Coordination**

Overall score	Moderately Satisfactory
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43. The Reform Coordination Unit (RCU) has continued to support the PSRP II coordinator to coordinate and manage reforms. The RCU remains the link between the Chief Secretary and the PSRP. The PSRP-funded study to determine the future of reforms across government is expected to be released soon; preliminary recommendations include recognition that the RCU has a limited mandate, a need to bring the functions of the BRN in the context of reform coordination and a need to balance between long-term programming versus short-term projects approach across sectors.

#### **Financial & Procurement Management**

Score	Moderately Satisfactory
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44. The Annual Workplan and Procurement Plan for 2013/14 were approved late. The final disbursement to the holding basket is expected in December 2014. PO-PSM has factored in this delay and thus it will not affect programme delivery.

45. In terms of 2012/13 financial performance, PO-PSM received, through exchequer, a total of TZS 20.83 Billion (96.3 percent) of the total approved budget amounting to TZS 21.63 Billion. Of the amount received, TZS 19.41 Billion was Development Partners' contribution and TZS 1.42 Billion was Government contribution. As observed, while Development Partners' Contribution was in line (100 percent) with the commitment; Government contribution stood at 64 percent of its commitment.

46. In addition PSRP II Basket Funds Annual and Financial statement was prepared and submitted to the Office of Controller and Auditor General (CAG). Annual Audit on the report was undertaken and Management response to all matters raised on Management letter issued by CAGs office was prepared.

#### **Results framework**

Score	Moderately Satisfactory
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47. A complete results framework for PSRP II is attached in Annex 1.

48. Studies to update the Result framework were not complete by the time of annual review in November, 2013. They will be undertaken during the second part of the current financial year. In some cases the targets sets for 2012/13 has been surpassed e.g. e-services available in the Government Portal as well as number of evidence based policies developed. Although, analysis of some of the indicators presented has based on 10 to 14

MDAs which were visited, general trends suggest that the earlier on achievements of December 2012 have been maintained or slightly surpassed. The Detailed report showing the status of the results matrix comprising of all 15 MDAs will be availed by the end of December, 2013.

#### **M&E arrangements**

Score	Moderately Satisfactory
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There has been a significant improvement in having M&E system since the restructuring of the PSRP II. Each of the MDAs visited has either a designated M&E unit or M&E officer, having been established with the support of PO-PSM. The functionality of M&E units is routinely examined through their ability to support to monthly, quarterly, semi-annual and annual reports, and their responsibilities to track delivery of Strategic Plan and Action Plan targets.

#### **Recommendations**

- (i) POPSMS should take advantage of the recommendations in the upcoming study on the future of reforms;
- (ii) The role of transfer of public servants between PO-PSM and PMORALG need to be resolved in order to expedite reforms in LGAs.
- (iii) PMO-RALG need to work closely with LGAs to address the challenges they face in implementing reforms related to the work of PSRP, for example how to handle new districts once they are established before resources are deployed, completing OPRAS in multiple reporting layers at LGAs from village level to District etc. The use of RAS offices to support reform initiatives should be enhanced.
- (iv) Reporting templates from M&E units needs to provide for sex-disaggregated reporting in order to properly capture the gender dimension of the information collected.

#### **KRA 4: Accountability and responsiveness to the public**

Score	Moderately Satisfactory
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#### **Ethics**

Score	Moderately Satisfactory
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49. Each of the milestones for ethics compliance in 15 MDAs was on track. This included the operationalization of an MDA-facing electronic system for tracking implementation of ethics compliance, as well as a public-facing complaints handling mechanism for ethics-related grievances. In addition, DEP is also engaging with civil society actors to attempt to boost ethics in public service in the fields of education, health, trade and transport.

50. The ethics strategy is being implemented in MDAs, e.g the Ministry of Lands Housing and Human Settlement is in the process to establish a one-stop Customer Service Center. The Ethics Social Marketing approach has gained traction that has resulted to the idea being taken by some Non-State Actors (NSAs) as a good model for public outreach on ethics. Positive working relationship with NSAs in monitoring ethics in education, health, transport and trade was reported.

#### **Complaints Handling**

Score	Moderately satisfactory
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Each of the MDAs, and 3 of the 4 service providers (hospitals in this case) had established complaints handling mechanisms. The nature and efficacy of these mechanisms was variable. In general, the number of complaints received by MDAs and service providers typically appears to be relatively low (tens, rather than hundreds), and declining, with complaints resolution rates comparatively high. Most MDAs were able to provide some data and statistics on complaints, but this review was not able to explore the nature of response and follow-up.

#### **Recommendations**

(a) **Complaints handing:**

- (i) PO-PSM and MDAs should continue to raise citizen awareness of available public services (notably through improved communication of client service charters), and encourage them to hold public service providers to account. The Office of Public Communication is likely to have a role to play in this.

- (ii) There is a need to link the electronic Compliance Framework System with the complainants so that they can see how their complaints are being dealt with. The system is designed to help MDAs to collect, store, retrieve and disseminate information regarding Ethics compliance and complaints management. In the meantime, the system does not provide direct access to the complaints to access the system
- (iii) In working with the Non-State Actors, there is a need to determine who owns the reports and strengthen the feedback mechanism between POPSM and NSAs.

## **AN ANNUAL REVIEW OF THE LEGAL SECTOR PERFORMANCE FOR THE FINANCIAL 2012/2013**

### **1.0 Introduction**

The Government of Tanzania has been undertaking a number of interventions to reform the legal sector with a view to make it consistent with its strategies to achieve the National Strategy for Growth and Reduction of Poverty (NSGRP also popularly known in Swahili acronym as MKUKUTA) objectives which aimed at facilitating the nation to attain a status of a middle Income Nation by 2025.

The reform activities being implemented are basically aimed at getting rid of a number of institutional and structural problems that afflict the Sector and inhibit it from relishing its potential to deliver justice in a timely and equitable manner. The most of the interventions undertaken have, to a great extent, been directed at capacity building in its various dimensions (infrastructural, institutional and structural changes). The Legal Sector Reform Programme is one of the Government's comprehensive interventions established to address significant problems that were facing the Sector as was underlined in the Bomani Report in 1999. The focus of the Programme has, for the last five years, been focusing to address on issues of:-

- (i) speedy dispensation of justice,
- (ii) affordability, adequate and easy access to justice for all social groups;
- (iii) enhancing public trust, integrity and professionalism of legal officers; and

- (iv) Jurisprudence of high standards, which are responsive to, among other things, technological trends at both national and international levels, and promotion and protection of human rights and observance of the rule of law.

The impact of these entire variables is the increased access to justice, reduction of case backlogs, decongestion of remand prisons and reduced time taken to adjudicate court case.

## **2.0 Sector Performance Overview**

During the financial year 2012/2013 the Legal Sector planned to achieve the following target outputs: -

- (i) increased efficiency in the administration of justice;
- (ii) improved legal and regulatory framework,
- (iii) improved knowledge and skills of legal professionals; and
- (iv) increased access to justice,

### ***2.1 Increased efficiency in the administration of justice;***

The target output was meant to increase efficiency in the delivery of both legal and judicial services by taking measures to modernize investigation systems, enhancing prosecution services and improving both records and case flow management systems. Three Legal Sector institutions are assessed in terms of implantation for achieving the target as follows:-

#### ***a. The Police Force Reform Programme:***

Police Force has been implementing a Police Force reform programme for about four years now, where by a range transformational initiatives are being implemented ranging from structural change to employment of professional officers (i.e. ICT analysts), and from training of Officers (in modern investigation skills, civil order, observance of human rights principals, child protection measures and gender issues) to procurement of modern investigation equipments.

Particular attention has been directed to the streamlining process of the investigation system in the Police force so that it could very well feed into the Civilianization of the Public Prosecution Services with aim of improving the administration of justice system. Effective public prosecution on a number of factors such as having in place a modern and responsive investigation system; qualified, motivated and dedicated staff; and supportive working environment. The following outputs were achieved:-300 Officers were trained during the period under review; Five (5) specialized printing machines compatible to Automatic finger print identification system (AFIS) were purchased and every CID office at all the District Police Stations has now been



supplied with Two desktop computers and modern investigation equipments like voice recording systems and a digital camera.

Community policing is another reform initiative which is being implemented by the police to consolidate security, law and order. The initiative has helped to improve public security and reduction in numbers of reported crimes in Police Stations.

**b. State Attorney General's Office:**

The streamlining process of civilianization of prosecution services continued to be enhanced by opening up more offices in regions and districts where public prosecutions are still being undertaken by the Police and are yet to be taken over by the State Attorneys. Since the Office of the director of public prosecution took over the public prosecution mandate, the Government has embarked on a scaling up of the civilianization of public prosecution services project to 22 regions and 35 Districts in the Mainland Tanzania, the aim being is to bring such important services closer to the people as one the measures to not only improve the administration of justice, but also increase access to justice. The scaling up the civilianization of the public prosecution services entails opening up new district offices, retooling of the newly opened offices and capacity building to the newly recruited State attorneys.

During the period under review, six (6) new public prosecution services offices were opened in four regions namely; Morogoro, Njombe, Kigoma and Manyara regions. Also two more offices at the district level were opened up in Temeke and Bariadi districts and thus took over the public prosecutions from the police in the respective districts' courts. A total number of 129 State Attorneys were recruited and subsequently trained on basics prosecution skills, before they were posted to the various established offices in regions and districts. The total number of investigated cases that were filed at the DPP's office credible for prosecution was **13,487**, out of which **12,257** cases were prosecuted by 30<sup>th</sup> June 2013.

**c. The Judiciary of Tanzania**

The Judiciary has been implementing transformation reforms to improve its physical as well as soft infrastructure to improve its capacity in the delivery of both legal and judicial services. The establishments of the judicial fund and re organization of judiciary organization structure have accelerated the pace to put up more court buildings at all levels of the Judiciary. At the high court level, the targeted outputs were to ;- increase the number of court chambers, (ii) build houses for judges and magistrates, (iii) improve both records management systems, and (iv) improve case flow management system. During the financial year 2012/2013, the judiciary embarked on the rolling out of the improving of the legal registries at two high court centres at Bukoba and Dodoma high court centres. Two regional resident magistrates' courts were constructed and Twelve (12) primary courts were rehabilitated and furnished.

## **2.2 Improved knowledge and skills of legal professionals;**

Having an adequate, skilled, and knowledgeable pool of legal professionals is a pre-condition for securing and ensuring administrative justice and the rule of law. This target focuses on improving the supply of skilled and knowledgeable legal professionals by strengthening the Council of Legal Education (CLE) and enhancing the established Law School of Tanzania, which provides post-university vocational practical skills trainings to law graduates aspiring to become private legal practitioners. For the past three years, the major legal reforms undertaken were to construct permanent building and related infrastructures for the Law School, which have now been completed.

The number of Law Graduates that are being enrolled at the school has been increasing each year from 150 students per Cohort in 2008 to 343 per cohort in 2013. The School had enrolled 3,637 students by the end of the Financial Year 2012-2013 out of which 2,049 graduated from the School.

## **2.3 Improved registration of births for both children under the age 5 years and 16 years;**

Birth registration and certification are of critical importance both to a person and nation at large. A birth certificate is widely recognized as an essential document required to confer a person access to basic rights especially access to social services. The birth certificate is indeed an important document for children required to gain access to such social services as immunization, healthcare and basic education and is also useful in protection measures against different forms of child abuse. Birth registration statistics are useful in effective national planning purposes and monitoring progress towards key development indicators, such as the Millennium Development Goals.

The 2010 Demographic and Health Survey showed that only around 14 percent of children who were less than 5 years of age, in Tanzania Mainland, were registered with civil Authorities, of whom less than 6.2 per cent had a birth certificate and birth registration was detected to be decreasing compared to previous years.

The Government has, ever since, taken measures to improve the birth registration process and thus increase the number of children under (less than) 5 years age who are registered and have birth certificates by undertaking an ***Under 5 Birth Registration Initiative*** (i.e. U5BRI). The key outputs of the Under Five Birth Registration Strategy are:-

- i. Establishment of an effective and efficient U5BR system in the country,
- ii. Establishment of an effective and efficient U5BR data management system,
- iii. Systems strengthening and Human Resources capacity Building to provide the U5BR service as close to the people as possible and within the time limit of 90 days from the time birth, and
- iv. Establishment of an effective and efficient Monitoring and Evaluation system.

The implementations of the U5BR Projected started in June 2012, as a pilot study in Temeke District, Dar es Salaam region and involve 14 Wards. After a successful start, the project has now been rolled out to Five (5) regions (Mbeya, Shinyanga, Geita, Mwanza and Simiyu) starting with Mbeya region targeting to register at least 11 percent of all children who are under 5 years in the region. According to the 2012 Population and Household survey, the Mbeya region had an estimated 1,100,368 children who were under 5 years old. During the financial year under review, the total number of children under 5 years of age who were registered in Mbeya region by 31 October 2013, were 116,639, which is **10.6 per cent** of the target.

#### **2.4 Increased access to justice by the citizenry especially the poor.**

This target seeks to expand access to justice for the poor. Improving, facilitating and expanding individual and collective access to law and justice supports economic and social development.

The key outputs include:-

- i. improved Juvenile and Gender Justice,
- ii. expanded access to Justice for the poor,
- iii. improved Public awareness on Human Rights and Good Governance and,
- iv. construction of priority court buildings for the Judiciary.

The Government has been implementing various initiatives to enhance child justice system in Tanzania ranging from improving its legal and regulatory framework to establishing child justice forum. During the financial year under review, the government embarked on improving detention facilities in Police Stations (to take care of the special needs of children, people with disabilities and other vulnerable groups i.e. Women). Two central Police stations in Mwanza region were being installed with detention facilities for juvenile offenders and three more Police stations in Arusha region have been ear market for the same facilities.

A total number of 53 remand prisons and 58 lock ups in Police stations have been inspected and basing on the abstract findings, the Commission of Human Rights and Good Governance (CHRAGG) has prepared a list of key issues that need immediate attention by respective authorities to improve the situation which was discovered to be in critical condition and inhuman which were within their internal capacity to rectify.

A legal aid task force was formed was also formed during the same period to prepare a legal report proposing for enactment of a legal aid Act. The report was prepared and discussed by stakeholders and comments made were incorporated in the final report. A draft cabinet paper proposing for the enactment of the Legal Aid Act has been prepared and submitted to cabinet secretariat for deliberation and further government processes. The Government has also established a Legal Aid secretariat, as a temporary measure, to coordinate provision of legal aid services in Tanzania.

### **3.0 Indicators set to measure performance of the Sector**

The indicators set to measure performance of the sector are listed in the table here below:-

## Cluster III

S/N	Outcome Indicator	Target	Assessment method as submitted by sector leads	Data source and frequency	Assessment date	Assessed by	Comments	Progress	Sector Review: date and venue
1	Percentage number of cases pending for two or more years	12.5%	Calculation is based on reports from courts. The OI is an average across all courts, both civil and criminal cases. Statisticians committee in place with 12 members meeting twice / year.	MoCLA data, LSRP. Data reporting is standardized and is collected on a semi-annual basis.	September / October 2013	MoCLA & DFATD	In previous years data cleaning and analysis was done with TA from DFATD. During the period under review The Judiciary has undertaken another case backlog data collection which has also included all the specialized courts (Labour and Land Courts) which were not Considered before	The review by the judiciary in September 2013 has reported the revised percentage of case backlogs reduction as 15% against the Target of 12.5 %. The Government has assigned more judges to the Land court to clear case backlogs in this specialized court	
2	% of under five children receiving birth certificates	11%	Will cover 5 regions in Tanzania with an increase of 46% in each of the selected regions the number of children under 5 with birth certificates. (Looking at the total number of children in these regions as a % of the whole under 5 populations in the country).	Reports from RITA	October 2013	MoCLA& UNICEF	5 selected regions: Mbeya, Shinyanga, Geita, Mwanza, Simiyu.  THMIS 2011-12 data were used as baseline.  2012 Population and Housing Census data were used when making the	Implementation of U5BRI started in Mbeya region From July 25, 2013. As of October 31, 2013 the total number of U5 from Mbeya posted into RITA database via mobile phones technology was 116,639.This increase makes the overall percentage of Under-five having birth certificates in	October, 2013 (RITA review)

							estimate.  Under-five population for Tanzania Mainland has been used as the denominator.	Tanzania mainland to be estimated to 10.6%	
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PAF 13: Legal Sector

S/N	KPA	Assessment method agreed at sector leads	Data source and frequency	Assessment date	Assessed by	Comments	Progress	Sector Review:
5	<b>Implement key recommendations from the case flow analysis and roll out of case/work flow reforms 2013: Roll out the key non-policy recommendations emanating from Case Analysis Report to the following courts: High Court Bukoba, High Court Dodoma, High Court Labour division and RMs Court Kisutu.</b>	Roll out the key non-policy recommendations emanating from Case Analysis Report to the following courts: High Court Bukoba, High Court Dodoma, High Court Labour division and RMs Court Kisutu	Reports received from the following courts: High Court Bukoba, High Court Dodoma, High Court Labour Division and RMs Court Kisutu	October 2013	MoCLA & DFATD	The recommendations are outlined in detail in the 2011 Case Flow Analysis. Key recommendations for follow up are outlined in documents subsequently	The Case Flow Analysis Study was carried out in 2010 to establish the status quo of Judicial procedures in adjudication of cases and establish challenges in the administration of Justice system that were a root cause to case backlogs in the Judiciary. The recommendations were implemented in Dar es Salaam, and they are being rolled out country wide. In 2012-2013, the Government of Tanzania has started a gradual rolling out of these recommendations, starting	<b>Satisfactory</b>

						<p>with the following: 1) renovation of Legal Registries by modernizing archives, introducing metal filing shelves and colour coded files; 2) automation of case assignment system, and facelift of the registry office; and 3) installation of Local Area Network (LAN) to provide the intranet services for official business by all senior Judicial officials. Progress has been made in the following way:</p> <ul style="list-style-type: none"> <li>(iv) The renovation work of the main building at the Dodoma High Court Centre is on good progress.</li> <li>(v) The newly built Bukoba High Court Centre has been furnished with necessary Office equipments and furniture, and the installation of LAN and automated Case assigning system has been completed;</li> <li>(vi) The construction of a new building for the High Court Labour Division and the renovation work for the Kisutu RM's Court is at the final stage of construction.</li> </ul>	
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## Sector Reports - GBS AR 2013

### WATER

#### **Water Sector Report: Progress Against the Performance Assessment Framework (PAF) for GBS Annual Review 2013**

Contributors *[GOT and GBS DP Leads, other sector members by names of individuals or agencies]*

Date *04<sup>th</sup> of November 2013]*

#### **1. SUMMARY ASSESSMENT** *[max. 1 page]*

**Overall Assessment** *Out of the 4 PAF indicators – only 1 indicator (access rate for Dar es Salaam) has been met.*

*Though a lot is invested and number of beneficiary families have gained access to improved water and sanitation in rural and urban areas, PAF indicators in the water sector have not been met when measured in percentile. This is the case because more accurate figures about access rates in urban areas (Majls Data Base of the regulator EWURA) and rural areas (latest data from the Water Point Mapping) revealed a lower coverage rate than indicated in the original PAF baselines (2010).*

*A review and update of baselines as well as targets is therefore recommended.*

*This has been done for the rural areas in the course of the BRN-initiative (baseline March 2013 40%, status as of October 2013: 42% proportion of households in rural settlements with access to clean and safe water – compared to original PAF baseline 2010 of 57,8%).*

*In view of the high population growth the percentage targets for access rates for clean and safe water according to Mkukuta II are more or less impossible to be achieved.*

*This is why, for strategic PAF 14 (focusing on BRN) absolute targets (additional X water points serving Y people in rural areas) has been suggested instead of percentage values*



The Joint Supervision Mission (JSM) in October 2013 concluded that the overall implementation rating of the Water Sector Development Programme WSDP is maintained at **moderately satisfactory**.

The detailed rating is as follows:

<b>Theme</b>	<b>Implementation Rating (October 2013 JSM)</b>
<i>Program Development Objective</i>	<i>Moderately Satisfactory</i>
<i>Implementation Progress</i>	<i>Moderately Satisfactory</i>
<ul style="list-style-type: none"> <li>• <i>Component 1 – Water Resources Management</i></li> </ul>	<i>Moderately Satisfactory</i>
<ul style="list-style-type: none"> <li>• <i>Component 2 – Rural WSS</i></li> </ul>	<i>Moderately Satisfactory</i>
<ul style="list-style-type: none"> <li>• <i>Component 3 – Urban WSS</i></li> </ul>	<i>Satisfactory</i>
<ul style="list-style-type: none"> <li>• <i>Component 4 – Institutional Strengthening and Capacity Building</i></li> </ul>	<i>Satisfactory</i>
<i>Project Management</i>	<i>Moderately Satisfactory</i>
<i>Counterpart fund</i>	<i>Satisfactory</i>
<i>Monitoring and Evaluation</i>	<i>Moderately Satisfactory</i>
<i>Safeguards Management</i>	<i>Moderately Satisfactory</i>
<i>Financial Management</i>	<i>Satisfactory</i>

## **2. DETAILED ASSESSMENT** [max. 4 pages]

### **2.1. Areas of good and weak performance** [max. 2 pages]

**Main Sources of Information** *Aide Memoire (draft version) Joint Supervision Mission October 21 – November 1, 2013*

### **1.) Program Management and Coordination Capacity:**

MoW needs to further enhance its capacity for overall program coordination, fiduciary, contract and safeguard management. The Programme Coordination Unit at MoW (PCU) needs further enhancement of capacity, supported by competent professionals, in order to fulfill its mandate.

Government has launched a “Big Result Now” initiative in six priority sectors which include the rural water supply sub-sector. In line with this, the GOT has approved a much larger budget for the sector in FY 13/14. These changes will demand an improved institutional arrangement and corresponding capacity to deliver. A more efficient and effective system than the current one of doing business as usual has become a felt need for improved delivery.

The inter-institutional coordination between MoW and PMO-RALG has shown progress but needs further enhancement to move with the pace required for improved oversight and coordination with LGAs for Rural Water Supply and Sanitation as well as district and small towns.

### **2.) Management Information System (MIS):**

Modest progress has been attained at improving MIS to cater beyond financial management (producing Interim Financial Reports, cash flow forecasts) and to facilitate WSDP’s contract and overall-program-budget management. The mission noted from the IAs visited that most of them appreciate the MIS as an important tool that facilitates financial reporting. However, data entry into the MIS is perceived as one of several WSDP reporting obligations. Due to deficiencies of the system the data entry is very tedious. An immediate enhancement of the MIS should make it more user-friendly. Through improved feedback-features, the motivation of the users should be increased by demonstrating its usefulness as planning and management tool for the program and individual IAs.

As financial and technical design aspects of Phase II are still to be determined, further up-scaling of the MIS - or even the adoption of a new and better state of the art system/software - might be advisable. In addition to the need to accelerate effort the MOW is putting to address the immediate areas of improvement, an independent evaluation of the current MIS system is therefore suggested to be conducted taking into account (medium term) requirements for enhancement in view of phase II of WSDP (e.g. budget and contract management, M&E, KPIs, information requirements of all involved MDAs and not only of DPs). In addition, enhanced financial management requirements shall be applied for WSDP Phase II in order to prevent the accumulation of a financial gap, as experienced during Phase I.

### **3.) Procurement Management Capacity:**

The Procurement Management Unit (PMU) is currently having a total of twelve staff in addition to the Head of PMU and the Head of Technical Team. Most of the staff have limited knowledge on procurement under World Bank procedures as they have not been with the Unit for a sufficient time. Training would therefore be required for the staff in procurement under World Bank procedures in addition to that proposed in contract management. The Ministry has established a team of technical experts within PMU to focus on review of technical specifications. The establishment of the team will help in the perfection of the bidding documents and request for proposal documents with regards to technical specifications and terms of reference, respectively. The Ministry also started the process for the establishment of a Contract Management Team for monitoring of contracts. Given the current weak status of contract management, expediting the establishment of this team and ensuring that it comprises of representatives from relevant departments is essential.

### **4.) Integrated Water Resources Management & Development:**

The mission stressed that it is important to use the IWRMD Plans as a guiding tool for coordinating various development plans through key stakeholder consultations and to raise understanding and awareness of the public good nature and the vital role that water resources play in the nation’s economy and energy & food security considering possible adaptation measures to cope with climate change impacts. The IWRMD plans for WamiRuvu, Rufiji, and other basins under preparation showed water development opportunities and limitations for promoting irrigation and hydropower development as well as environmental sustainability. A high level multi-sectoral dialogue is needed to elevate the discourse on water resources management at the policy and political levels to support, empower and fund WRM institutions (NWB, BWB, SCC, WUAs).

### **5.) Environmental and Social Safeguards:**

The mission reviewed the status of overall project environmental and social management and was pleased to note that all agreed safeguards aspects pending from the last mission have been addressed. Important progress has been made by the MOW safeguards unit on key safeguards issues including project screening, the commencement of the safeguards advisor's consultancy, and initial revision of the project Environmental and Social Management Framework (ESMF).

### **6.) Budget and Financing gap:**

The government is committed that it will complete the 10 village scheme during the FY 13/14 and this requires an additional budget requirement. In addition to completing the 10 villages scheme, the government has indicated that a financing gap is faced in the water resources and urban water supply components as well. To address this constraint, the Government has requested DPs to assist with mobilizing additional financing of US\$ 135 million to fill the financing gap faced to complete activities started in the program. DPs pointed out any indicated additional financing could not cover the overall financial gap. In addition, the major share of any additional financing could possibly be available only after June 14.

### **7.) Key elements of Dialogue that could be discussed at the next GBS review**

- a. **Accountability** – Accountability in government systems has continued to remain poor without signs of improvement. Such weak systems are affecting service delivery (cross cutting issue with regards to public service reform and public financial management).
- b. Severe delays in the **availability and disbursement of Government funds** for the rural sector (BRN focus) endanger the BRN initiative and question the commitment of GoT.
- c. **Effective and enhanced systems** (MIS and Water Point Mapping) need to be applied to ensure efficient reporting, monitoring and evaluation of the implemented measures. This needs the full commitment and support of the Management of the Ministries involved as it can be considered as part of a “change management programme”
- d. **Water resource management and development** needs to be coordinated among competing sectors to avoid future water insecurity.
- e. Operational efficiency and sanitation in urban utilities is a concern: Current rate of Non – Revenue water is high in most utilities. Dar es Salam being one of them with as high as 53% of NRW. With the addition of additional new supply into these systems, further increase is highly likely. The waste generation will also increase with the supply demanding for urgent and strategic measures.

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## **2.2. Outcome Indicators [max. 1 page]**

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### **a) Outcome Indicator 1: Proportion of households in rural settlements with access to clean and safe**

**water from improved/protected sources.**

**Assessment** "Not achieved"  
**Indicator rural** **Baseline 2012: 57%**  
**Target 2013: 62.1%**  
**Status 2013: 57.8%**<sup>11</sup>

**Main Sources of Information** Aide Memoire JSM October 2013, MoW

**b) Outcome Indicator 2: Proportion of households in small towns with access to clean and safe water from improved/protected sources**

**Assessment** "Not achieved"  
**Indicator Values** **Baseline 2012:52,5% ...**  
**Target 2013: 55.7%**  
**Status 2013: 53%**

**Main Sources of Information** [Majis database (EWURA)]

**c) Outcome Indicator 1: Proportion of households in Regional urban centres with access to clean and safe water from improved/protected sources**

**Assessment** "Not achieved"  
**Indicator Values** **Baseline 2012: 81%**  
**Target 2013: 91.4%**  
**Status 2013: 86%**

**Main Sources of Information** Ministry of Water/EWURA Majlis System

**d) Outcome Indicator 1: Proportion of households in Dar es Salaam with access to clean and safe water from improved/protected sources**

<sup>11</sup> In 2013, baseline targets for Rural water access were reviewed following the use of Water Point Mapping system.

**Assessment**

**"Achieved"**

**Indicator Values**

**Baseline 2012: 51%**

**Target 2013: 67%**

**Status 2013: 68%**

**Main Sources of Information**

Ministry of Water/EWURA MajIs System

## Health Sector Report: Progress Against the Performance Assessment Framework (PAF) for GBS Annual Review 2013

Contributors: GOT and sectoral input from GBS DP Leads, including Danida (Income Distribution, Infrastructure, and Health), DFID (Education, Water and Sanitation), UNicef (Social Welfare). USAID compiled the various inputs from DPs and prepared the summary.

Date: 30 October 2013

### 1. Summary Assessment

In terms of public service delivery - particularly in terms of education and health - Tanzania is making important progress towards a number of the MDGs. However, the growing income inequality alluded to above is further compounded by inequities in the resourcing of, access to, and quality of basic public services provided to rural and poor populations. For the education, water, and health sectors, very real inequities exist based on geography, wealth, and urban/rural residence. Addressing these inequities, especially at the input level, is fundamental to evidencing GoT's commitment to the articulated principles of Mkukuta II and to its commitment to accelerating progress for achievement of the MDGs. While there have been success across a range of public service delivery areas, there is a poor record on equitable distribution of quality services.

In the near term, equitable resourcing and implementation of articulated pro-poor policies is required to demonstrate GoT's commitment. In addition to political leadership at the highest level, inter-ministerial collaboration and coordination is needed to address many of the systemic causes that continue to give shape to the current situation. Weak management and a lack of accountability for the delivery of results and quality services are compromising service delivery. The recent mid-term review highlighted that maternal mortality/morbidity was not showing tangible decline and underlined the fact that this indicator is a proxy for the overall health system. Vertical programs demonstrated progress (ex: immunization) but integrated one that relied on the system as a whole, fared less well.

Three out of five PAF indicators are on target; the exceptions are 1) Proportion of births at health facilities and 2) Availability of medicines. (See attached matrix). In general, progress against MDG 5 has been lagging.

#### The key areas of good performance include:

1. Reduced number of districts with nurses/midwives  $\leq$  3/10,000 population
2. Persons with advanced HIV disease (CD4 < 200 or < 350) currently receiving ARV combination treatment
3. Number of new students enrolled in health institutes per year.

**The key areas of weak performance include:**

1. The number of births occurring at health facilities
2. The share of districts out of total number of districts in which 100% of health facilities (dispensaries and health centres) have continuous availability of at least 8 out of 10 tracer medicines and medical supplies

Based upon the above information, the overall assessment of developments in the PAF area is “Unsatisfactory” but we note that there has been some progress to date.

**2. Detailed Assessment**

**Health and Nutrition**

The Health Sector Strategic Plan III “Partnership for Delivering the Health MDGs” (“HSSP III”) is the principle GoT policy document for the health sector. The achievement of the health MDGs is a central focus of the HSSP III. The GoT additionally prioritizes access to quality primary health care through MMAM (Primary Health Sector Development Program). The HSSPIII mid-term assessment has been undertaken and the report presented at the next Joint Annual Health Sector Review (JAHSR). Planning for HSSPIV will be kicked off at the JAHSR and more quickly into high gear starting November 2013.

**Health**

**Health Indicator Trends**

As widely reported, over the last decade Tanzania has achieved a significant decline in infant and under five mortality rates. Improvements in immunization coverage, vitamin A supplementation coverage, as well as in malaria prevention and treatment, have contributed to these declines. If the pace of decline is maintained it is likely that Tanzania will meet the associated MDG targets for infant and child mortality (TDHS). However it should be noted that sustaining the pace of decline necessary to achieve the associated MDG targets itself requires additional effort to reach those that have so far been missed, maternal health in particular.

Important gains have also been made in the treatment and control of HIV/AIDS, Malaria, and Tuberculosis.

However, only limited improvements have been made with respect to improvements in maternal and neonatal health. This is particularly troubling as progress in addressing maternal and neonatal health perhaps speaks most directly to the quality of health service provided through the national health system.

Despite improvements in a number of health indicators, without significant acceleration of efforts, especially related to strengthening the health system and the public delivery of health service, it is likely that many of the remaining health-related MDG targets will not be met.

The important commitments expressed at the national level, as contained in Mkukuta II and the HSSPIII, are not being fully realized. The overall prioritization of the health sector as a share of total GOT budget continues to diminish. Inequities in both health inputs and outputs remain persistent; with the rural and

poor suffering the most. The sector's Analytic Report was also shared at the JAHSR in October and more information on progress to date was made available and incorporated into this report.

### Health Prioritization

Health seems to be diminishing as a GoT priority. Health as a share of GOTs FY12/13 budget, including HIV/AIDS and CFS, stands at 8.5% (RBA FY 12/13). Achieving the Abuja target of 15%, specifically identified as a priority in the HSSPIII, seems to be increasingly unrealistic. The HBF has also decreased from USD 115 million (FY 11/12) to USD 80 million (FY13/14). Further decrease is expected if more partners opt out. Moreover, in real per capita terms, allocation to health declined by 10.2% between FY 11/12 and FY 12/13 (RBA FY12/13) It should be noted that one of the reasons for the decline in the health sector budget is a reduction in on-budget foreign funding (i.e. Global Fund). Expectation of Rapid Budget Analysis 13/14 feeding into this assessment is unrealistic: particularly given that deadline for preparation of RBA is 31st October. Overall budget FY 13/14 have only made available last week; FY 12/13 Expenditure currently unavailable; FY 13/14 LGA Budget currently unavailable.

The prioritization of Health by the GoT has declined and is a factor hindering performance as is the significant geographic inequality in per capita health spending at the LGA level: an estimated 7-fold difference between the best and worst resourced (RBA). Again, it is worth noting that data at the LGA level has significant limitations, including related to published data on PMO-RALG website and the timely receipt of LGA Approved Budget. The current allocation formula for the district basket grant (and council health block grant) was designed to ensure equitable distribution of resources. However concerns have arisen over whether this aim is being met. A review of this formula was undertaken in 2013 by an external consultant and the findings remain to be discussed by GoT. In the meantime, MoHSW has agreed to update the data variables of the formula for application to the district basket grant in 2014/15. The new census data is also available and will help with adjustments to various formulas.

### Human Resources for Health

Investment in Human Resources of Health has been a clear GoT priority over the last few years - both as articulated and as resourced. It is estimated that health PE spending increased by almost a third over the last year. The overall gap in health workers has also reduced over the last few years.

Despite overall improvements in HRH resourcing and staffing, inequitable distribution of health workers, poor LGA level data, and the "opacity" of the wage bill continue to remain significant challenges to identifying whether GOT commitment to supporting HRH is reaping maximum benefit (particularly for the poor). Recognizing significant data limitations, geographically there is significant variation between the best and worst resourced and staffed LGAs: a 13 fold difference in per capita Health PE and a 30 fold difference in per capita nurse density (HRHIS). Moreover, there is some evidence, recognizing significant data limitations, that inequality in per capita health PE spending amongst LGAs has worsened in recent years (RBA, Jamie Boex). Of note this period, was a National HRH Conference lead by President Kikwete with representation across other ministries (MOF, POPSM, PMORALG) and commitments drafted during this conference will be finalized for a Tanzania commitment at the global conference in November in Brazil.

### Medicines Availability



Drug availability varies widely amongst LGAs. Amongst districts in Pwani, 10 tracer drugs were available continuously in 54% facilities in Kisarawe DC; while continuously available in only 5% of facilities in Bagamoyo DC.

### Health Service Utilization

Illustrative example: Given the pronounced disparity, and often absence, in health inputs (health financing, HRH, Drugs etc.) amongst and within LGAs, it is perhaps not surprising that only half of births in Tanzania take place in a health facility. The poor availability of Basic Emergency Obstetric Care at primary health care facilities is particularly troubling. Unmet need for family planning services also remains high and GoT funding for this area negligible.

Geographic and income-related disparities play a prominent role here. Women in the wealthiest quintile are 3 times more likely than the poorest to deliver in a health facility; similarly women in Dar es Salaam region are 3 times more likely to deliver in a health facility than women in Kigoma. The disparities around access to skilled health providers during delivery are strikingly similar: a 3-fold difference between the wealthiest and poorest, and that between the best served (Dar) and least served (Rukwa) regions (TDHS). Moreover, women living in rural areas are half as likely to deliver in a health facility or to be attended by a skilled health provider as those living in urban areas. Part of the Mid –Term assessment includes a community perspectives study that will be shared at the JAHSR. Initial findings indicate that the community’s utilization is linked with perceptions of quality and availability. EPI and HIV services are seen as working well, but otherwise, the sample held a high level of mistrust of services and service personnel. This seems linked to perceptions of uncalled for out of pocket costs (for free services) and provider negative attitudes

### Leadership

Earlier performance was greatly hindered by weak leadership with many positions being unfilled and having staff in “acting” positions. In addition, the issue of last year’s doctor strike and the removal of senior staff in the MOHSW slowed down progress and created inaction. The situation has been resolved this last quarter with the naming of new leadership and there is strong political leadership of the Ministry of Health and a new PS for Health has been put in place. The CMO has been confirmed as permanent and the MOHSW leadership has verbally committed to filling the rest of the line manager and director acting or vacant positions soon. We expect the dialogue will greatly improve over the next several months with the MOHSW as well as at PMO-RALG with the appointment of a new Deputy PS for Health. The GoT report detailing the inquiry into the strike and allegations of corruption has never been made public, despite assurances that this would be so. This has become a concern for a range of DPs and has been raised consistently as an outstanding item.

GoT’s willingness to include PAF indicator focused on improving equity in health staffing is also welcome. As mentioned earlier, equitable service delivery alongside greater prioritization of the sector is necessary to meet the GoTs expressed commitments to the Mkukuta II objectives and the MDGs.

A lesson learned is that leadership, capacity and prioritization are linked and the sector last a chance to participate in Big Results Now last year. With new leadership and growing capacity, the MOHSW should have a better chance to gain greater visibility and potentially a bigger position within the national landscape.

### **Nutrition**

Despite striking improvement in many health indicators over the last decade, there has been poor progress in improving the nutritional status of children and women in Tanzania. The high levels (42%) of stunting in the country, affecting over 3 million children, constitute a silent emergency. Although inequalities in child nutrition continue to persist then under-nutrition is not limited to the poorest or least educated parts of the population. E.g. even in the wealthiest quintile one out of four children are stunted and in households where the mother is well educated (secondary +) about one out of five children are stunted, an indication that there are systemic issues related to the direct causes and underlying factors in Tanzania which must be addressed. Hence both direct nutrition specific interventions and “nutrition sensitive” interventions are needed across a range of sectors.

The Government of Tanzania, at the highest level, has committed publicly to the scale up of nutrition interventions across sectors. Recently, efforts have been made by the Government to better plan and coordinate nutrition activities in Tanzania. To ensure that nutrition specific and sensitive interventions are implemented at local government level, the Government had started deploying Nutritionist at District council (this is still work on progress). Also, President Jakaya Kikwete launched the Tanzania food fortification campaign to enrich the lives of Tanzanians. Though not mandatory, the private sector is now fortifying foods following development of food fortification standards, and the legal framework by the Tanzania Bureau of Standard (TBS) and Tanzania Food and Drug Authority (TFDA) respectively. However, it is important that policy dialogue with the Government and private sector continues for mandatory food fortification. Important food vehicles for consideration include edible oils, sugar, and wheat because these foodstuffs are widely consumed by majority of Tanzanian.

The Government continued to implement behavioural change communication (BCC) with a special focus on 1000 days (reduction of stunting and anaemia. Also, the Government has included nutrition into the Tanzania Social Action Fund (TASAF III) Productive Social Safety Net project (PSSN) to be scaled-up across the country by the year 2015. Through the Ministry of Health (MoH), Tanzania continued to implement nutrition specific interventions. This includes maternal and child health nutrition (nutrition counselling, vitamin A, iron folate, and zinc supplementation) targeting pregnant women and children under-five. Going forward, it is important that the Government start translating policies and guidelines to scaling-up both nutrition specific and nutrition sensitive interventions and tracking progress towards reduction of chronic under-nutrition in Tanzania.

### **Social Protection and Wellbeing of Vulnerable Groups**

Progress has been seen in the area of social protection in recent months. Most notably with the launch by the Prime Minister of the 2nd National Plan of Action for Most Vulnerable Children in February 2013. Currently, GOT with external support, is developing and management and information system database for the vulnerable children. Expected completion date is first quarter of the new calendar year. The earlier launch, in August 2012, of a new Productive Social Safety Net Programme, anchored in the President's Office around Tanzania Social Action Fund, TASAF was reviewed for operability in September and stakeholders agreed that the a jump start is needed for the scale up in-place of a phased approach. Training and systems have been highlighted as immediate gaps, especially for the cash transfer. The effort is partially funded but some funding gap remains and the GoT is actively seeking support. .

The GOT has set aside 30 million TSH I last fiscal year (total need is 200 million USD) for TASAF, which has been approved by the GOT but the social protection policy remains in Parliament and has not been approved. Both initiatives remain against the backdrop of an absence of an overarching policy framework for social protection and little indication of financial commitments on the part of the government.

In general, social welfare is grossly underfunded (less than .5% of the budget) within the sector and progress will remain crippled unless some resources are made available for implementation.

## 2.1 Areas of good and weak performance

### Main Sources of Information:

#### Health Indicator Trends

- IMR: 96 to 51 per 1000 births, 1996-2000 to 2006-10(TDHS)
- U5MR: 143 to 81 per 1000 births 1996-2000 to 2006-10 (TDHS)
- NMR: 33 to 26 per 1000 births 2000 to 2010 (TDHS)
- MMR: 578 to 454 per 100,000 live births – however overlapping confidence intervals (TDHS)
- HIV Prevalence: 7% in 2003/04; 5.7% in 2007/08; 5.1% in 2011/12 (Preliminary results THMIS)
- Malaria Prevalence (6-59 months, as measured by RDT): 18% in 2007/2008 to 10% in 2011/12 (Preliminary Results THMIS 2011/2012)
- TB Incidence (per 100,000): 235 (2002); 170 (2010) (World Bank)

#### Health Prioritization

- Share of public health allocation in the total GOT budget (including HIV and CFS) declined from 10.5 % in FY10/11 to 8.6 % in FY 11/12 (MOHSW PER 2011); to 8.5% in FY 12/13 (RBA).

#### HRH

- Estimated health PE spending Increased by 29% between FY 11/12 and FY 12/13 (RBA 12/13)
- Health workforce gap reduced from 65% in 2006/2007 to 41% in 2010/2011 (MOHSW PER)
- MTEF Budget Allocations for Local Health Transfers: Max/Min PE = 12.9 (Jamie Boex, Draft March 2013, Strengthening the Geographic Allocation of Resources Within the Health Sector”)

#### Drug Availability

- % Facilities with Continuous Availability of Entire Package of Tracer Drugs (HMIS, 2012 as reported in Health Sector Performance Profile 2012)

#### Health Service Utilization

- Births at health facilities (BHF): 50.2% (TDHS)
- Trend in BHF: 47% (2004-05) to 50.2% (2010) (TDHS)
- Geographic Disparity in BHF: 90% in Dar Region; 33% in Kigoma (TDHS)
- Income-related Disparity in BHF: 89.6% amongst wealthiest quintile; 33.3% amongst lowest.
- Availability of BEMOC: Ranging between 0% - 21% for all dispensaries; 5% - 43% of all health centres; HSSPIII target = 70% of all Health Centres and Dispensaries to provide BEMOC (HSSPIII).

## 2.2 Key Policy Actions

*This section is not applicable for the Health Sector.*

## 2.3 Outcome Indicators

### a) Staffing for delivery of basic services at LGA level:

#### a. Reduced number of districts with nurses/midwives $\leq$ 3/10,000 population

<b>Assessment :</b>	On Track
<b>Indicator Values</b>	Baseline 2012
<b>Target 2013:</b>	48%
<b>Current Status 2013:</b>	31.6%

**Main Sources of Information:** MOHSW HRHIS data - May 2013, HMIS data, annual

Current estimate based on 133 districts, updated with population Census 2012 data (urbanization captured in 2012 data likely to have contributed significantly to the achievement of the target)  
provide detailed assessment on the first outcome indicator, addressing issues listed as guidance]

### b) Births at health facilities:

#### a. Proportion of births at health facilities, national average

<b>Assessment</b>	Off Track/Not Achieved
<b>Indicator Values</b>	Baseline 2012
<b>Target 2013:</b>	65%
<b>Current Status 2013:</b>	56% (2012 HMIS data) 50% (TDHS 2010 for 2005-10)

**Main Sources of Information:** HMIS - annual & Tanzania Demographic & Health Survey (3-yearly); 2012 HMIS data

#### b. Proportion of districts in which at least 60% of births take place at health facilities (MoHSW)

<b>Assessment</b>	Off Track/Not Achieved
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<b>Indicator Values</b>	Baseline 2012
<b>Target 2013:</b>	60%
<b>Current Status 2013:</b>	41%

**Main Sources of Information:** HMIS - annual & Tanzania Demographic & Health Survey (3-yearly); 2012 HMIS data

Regional institutional delivery rates range from 41% in Shinyanga to over 80% in Kilimanjaro.

**c) Persons with advanced HIV disease (CD4<200 or <350) currently receiving ARV combination treatment**

<b>Assessment</b>	On Track
<b>Indicator Values</b>	Baseline 2012
<b>Target 2013:</b>	404,788
<b>Current Status 2013:</b>	405,000 (2013 PEPFAR) <i>This is the number as of March 2013. Expected number of people on ART treatment by Oct 2013 is 445,000.</i>

**Main Sources of Information:** National AIDS/HIV Control Programme (NACP) & PEPFAR

M II M&E framework indicator (without disaggregation by age). Data for age disaggregation not available. Agreement reached to use CD4 < 350, i.e. increase number of eligible patients from 2013. This is the number as of March 2013. Expected number of people on ART treatment by Oct 2013 is 445,000.

**d) Proportion of Councils in which at least 8 out of 10 tracer medicines are available at Primary Health Care facilities**

<b>Assessment</b>	Off Track/Not Achieved
<b>Indicator Values</b>	Baseline 2012
<b>Target 2013:</b>	59.3%
<b>Current Status 2013:</b>	47% (HMIS April - June 2013)

**Main Sources of Information:** HMIS – annual (MTR analytical report 2013)

HMIS system had been implemented in six regions as of March 2013. This data are estimating availability for six regions only (Pwani, Shinyanga, Lindi, Dodoma, Mtwara Dar es Salaam). Regional rates for this range and can go as low as 19%.

**e) Total number of enrolment in health institutes (MoHSW)**

<b>Assessment</b>	On Track
<b>Indicator Values</b>	Baseline 2012
<b>Target 2013:</b>	8,325
<b>Current Status 2013:</b>	6716

**Main Sources of Information:** TIS - MOHSW-DHR

## **JOINT EDUCATION SECTOR REVIEW 2013**

### ***Joint Statement from the JESR Working Sessions***

The 8<sup>th</sup> Joint Education Sector Review was held on 13<sup>th</sup> February, 2014. This was a result of preparatory work done by the Education Sector Ministries, Development Partners and Civil Society Organizations (CSOs). Participation in the JESR include key stakeholders; education functionaries from Education MDAs, DPs, CSOs, Education Officers from Regions and Local Government Authorities and Private Sector. The objective was to review the education sector performance for the period of 2012/2013. This statement is a reflection of the spirit of cooperation, which aims at strengthening consultative dialogues to jointly assess the education sector performance towards provision of quality education.

The agreed JESR methodology was a result of consultations and dialogue among us, involving the following:

- i. The compilation of the Education Sector Performance Report for the year July 2012 to June 2013. This report provided a summary of sector priorities, achievement of targets, challenges and way forward for each sub-sector;
- ii. Preparation of CSOs, Performance Report in Education Sector;
- iii. Preparation of Development Partners Contribution in the Education Sector Report;
- iv. Stakeholders' Working sessions where the reports were presented and discussed.

We thank all those involved in the preparations and participation in this review, for their hard work and constructive discussions.

This year the review sessions have enabled us to work systematically to:

- reflect on the achievements and challenges in the education sector during the financial year, ending 30<sup>th</sup> June, 2013;
- get appraised on Big Results Now (BRN) initiative and progress made so far; and
- get insights on education priorities for the current and future years.

### **Key Recommendations**

The major recommendation of this Review is the need to develop a framework that further refines a coherent and harmonized education sector plan that focuses on issues of Access, Equity, Quality, Financing and Governance.

We have also agreed on the way forward as follows:

- The incorporation of ideas, views and corrections generated during the review session into the final versions of the Education Sector Performance Report 2012/13 to be presented to the next ESDC meeting.
- Finalisation of the Education Sector Performance Report 2012/13.
- Revisit the recommendations of the last dialogue structure review meeting with the intention of reviving sector dialogue in a format that is appropriate for the need of the sector.

We, the education stakeholders who participated at the 2013 JESR, declare our commitment to work together in implementing the set priorities in our various capacities including harnessing of resources to ensure high level achievements of targets we have set for the Education Sector.

.....

**Education DPG  
Chairperson**

.....

**Education Sector  
Chairperson**

.....

**Civil Society Organization  
Chairperson**

**Dar es Salaam**

**13<sup>th</sup>, February, 2014**

## Outcome indicators

**Outcome indicator 1a):** Staffing for delivery of basic services at LGA level reduced number of districts with primary school PTR  $\geq 50$

**Assessment:** Not achieved, but progress

Indicator	Values
Baseline 2012:	47
Target 2013:	30
Status 2013:	39

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**Outcome indicator 2A:** Standard VII exam pass rates, national average, disaggregated by gender

**Assessment:** Not achieved

Indicator	Values
Baseline 2012:	58,3% (male 63%, female 55%)
Target 2013:	60,2%
Status 2013:	30,7% (male 36%, female 26%)

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**Outcome indicator 2B:** Proportion of councils in which less than 40% of Standard VII pupils passed the PSLE in the previous year

**Assessment:** Not achieved

Indicator	Values
Baseline 2012:	11,4%
Target 2013:	12,5%
Status 2013:	80,9%

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**Outcome indicator 3:** Form 4 examination pass rates (Division I-III) national average for the previous year, disaggregated by gender

**Assessment:** Not achieved

Indicator	Values
Baseline 2012:	10% (male 12,1%, female 7,1%)
Target 2013:	12%
Status 2013:	9,5% (male 12,%, female 6,5%)

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**Outcome indicator 4:** Total enrolment in Degree Programmes (% females)

**Assessment:** Achieved



<b>Indicator</b>		<b>Values</b>
<b>Baseline 2012:</b>	<b>143 380</b>	
<b>Target 2013:</b>	<b>127</b>	<b>000</b>
<b>Status 2013:</b>	<b>132 904 (female x %)</b>	

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## **CLOSING REMARKS BY GBS DPS' CHAIR**

We are coming to the end of our joint discussions at this GBS Annual Review

This morning we were a little concerned, because in our joint preparations we had not reached as far as we would have wished:

- PAF 13 not concluded
- PAF 14 not finalised
- The discussions on the evaluation action plan is still ongoing

But now we can look back at a day of constructive discussions where we reached a number of agreements:

- PAF 13: we agreed on most ratings and on the way forward, whereby the remaining 4 KPAs will be resolved and concluded in the coming week
- PAF 14: we agreed to build on the framework the SPAF team has developed. We have come a long way and are confident that we can agree on a framework and indicators that ensures that PAF 14 stays relevant and will serve as a joint platform for dialogue on strategic issues. This might imply that we should add a number of indicators relating to sector result frameworks and DPOs to ensure that we are capturing the discussions on the changing nature of budget support. A policy team will make sure that the PAF 14 takes into account the current shift the modality is undergoing. And we agreed to complete this work by January.
- Action Plan: We heard the government's thoughts on the recommendations and the draft action plan. We are confident that we can jointly fill in the remaining gaps, especially regarding the most important issue: how to improve the dialogue and continue to take the necessary steps towards the reformed budget support together.

Both the government, through its BRN initiative, and the DPs are moving towards more results-focused approaches. Several DPs have described how they foresee changes to their support but all have emphasised the will to keep supporting the government of Tanzania in ways that strengthen government ownership and dialogue.

We also discussed the Rapid Budget Analysis and heard the Government respond to the analysis and invited for further discussions.

For the first time the AR discussed matters identified through the Joint DP Assessment of Underlying Principles. This first time the discussion focused on UP 1,2, and 3. While recognising the on-going HLD on anti-corruption, the AR did not this time focus on matters related to UP 4 and 5, for example on good governance, accountability, transparency, human rights and the right to information and freedom of media - and we will seek to find other fora to continue this dialogue.

We were pleased to hear Deputy Minister SaadaMkuya at the press conference on the importance of translating our discussions today and the results of GBS for citizens in order to create a better understanding of the achievements and development challenges. We look forward to jointly taking a first step towards this goal at next week's poverty policy week.

In her opening remarks the Minister told us about the government's plans to have a harmonised Annual National Policy Dialogue bringing together PER, GBS Review and the poverty policy week from next year. We welcome this move and look forward to soon close all matters agreed today and then start into a new GBS year together.

**CLOSING STATEMENT BY THE DEPUTY MINISTER FOR FINANCE HON. JANET .Z. MBENE  
(MP), AT THE CLOSE OF THE 2013 GBS ANNUAL REVIEW AT MWL. NYERERE  
INTERNATIONAL CONVENTION CENTRE  
18<sup>TH</sup> NOVEMBER, 2013**

***Hon. Deputy Minister,  
Permanent Secretaries,  
Excellences Ambassadors and High Commissioners,  
Heads of Development Cooperation,  
Members of the Media,  
Invited Guests,  
Ladies and Gentlemen,***

At the outset let me take this opportunity to express my appreciation for the honour to close the 2013 General Budget Support (GBS) Annual Review. The annual review is an important milestone in the annual calendar and I am pleased to note that the meeting has been a very productive and successful one. I understand that during your deliberations you discussed our most pressing development challenges; that is, the need to register faster and broader-based growth that translates into eradication of poverty.

I would therefore like to thank you all for attendance, active participation and contributions in this 2013 GBS Annual Review. Your ability to set time for this event clearly indicates the importance you attach to this partnership and its tenet processes. Secondly I thank the presenters and chairs of the sessions for their guidance which have enabled the meeting to reach meaningful conclusions. I understand that there are some pending issues that will be resolved in the coming weeks, but given the spirit demonstrated at this session, I have no doubt that these too will be concluded in good time.

**Excellences, Ladies and Gentlemen,** I understand that, today's deliberations have been fruitful and you were able to agree on key messages as follows:

- a) The parties, that is the Government and GBS Development Partners are mutually committed to improve the dialogue s based on mutual trust focused on substance at different levels to help find solutions on existing challenges;
- b) Addressing the challenges encountered in the implementation of the budgets as highlighted by the Rapid Budget Analysis (RBA) may be addressed in the context of the public financial management reform programme and the parties expressed their shared intention to pursue the issues in that forum;
- c) On underlying principles there have been recognition of the positive progress made in macroeconomic policies and management, improvement in public financial management systems, good governance, the fight against corruption, respect for human rights as well as transparency and access to information. However areas that need improvement include inclusiveness of growth, access to services, tax reforms, fiscal deficit, domestic borrowing and improved social indicators particularly maternal and child mortality.

The Government is committed to addressing the challenges highlighted. These are all consistent with the Government programmes in the context of the Tanzania vision 2025.

**Excellences, Ladies and Gentlemen,** It is my expectation that the Government and Development Partners will continue to engage in constructive dialogue, to finalise the outstanding issues in Performance Assessment Framework for next year, that is, PAF 2014.

**Excellences, Ladies and Gentlemen,** The 2013 General Budget Support evaluation has confirmed our belief that indeed General Budget Support is the most effective way for delivering development assistance to recipients. Of course, the same evaluation has identified areas of weaknesses that we need to address immediately in order to make the General Budget Support even more effective. Given the conclusions of the evaluation and agreement of the Joint Action Plan to implement GBS Evaluation recommendations, I want to appeal to all the Development partners to continue work with the government to address the weaknesses and challenges in order to make General Budget Support work better and attract more Development Partners.

**Excellences, Ladies and Gentlemen,** With these few remarks, I now have the pleasure and honour to declare the 2013 GBS Annual Review closed.

**I THANK YOU ALL FOR YOUR KIND ATTENTION**

## GBS ANNUAL REVIEW 2013 PROGRAMME

GBS Annual Review, 18<sup>TH</sup> November 2013

Venue: Mwalimu J.K. Nyerere Conference Center

TIME	PROGRAMME	RESPONSIBLE	CO-CHAIRS
0800-0830	Registration	Secretariat	
0800-0840	Welcoming remarks from the PS MOF	PS MOF	
0840-0850	Statement by the GBS Chair	GBS Chair	
0850-0910	Opening Statement by the Minister for Finance	Minister for Finance.	PST to welcome Minister for Finance
0910-0920	Presentation of PAF 2013	DSPFM	PST/GBS Chair
0920-1000	Presentation of Rapid Budget Analysis and Discussions	Assistant Commissioner Budget Techniques and World Bank	PS- PMO& World Bank Country Director
1000-1030	<b>Press Conference</b>	Minister For Finance and GBS Chair	
	<b>TEA BREAK</b>	All	
1030-1035	Presentation of Conclusions from DP UP 2 Assessment	EU	PS-PMO & Ambassador Finland
1035-1145	Discussions		
1145-1200	Presentation of Conclusions from DP UP 1 & 3 Assessment	DfID	PS- PMO & DfID
1200-0100	Discussions	All	
0100-0200	<b>LUNCH BREAK</b>	All	
0200-0210	Presentation on GBS Independent Evaluation Joint Action Plan Implementation Status and Forward looking perspective	DSEM	PS – EAC & EU Ambassador PS – EAC & EU Ambassador
0210-0300	Discussion on GBS Independent Evaluation Joint Action Plan Implementation Status and forward looking perspective	All	
0300-0310	Presentation on PAF 2014	Strategic PAF Team– Chair	PST & GBS Chair
0310-0400	Discussion	All	
0400-0420	Summary of the Day	All	Facilitator
0420-0430	Closing remarks from GBS Chair	GBS Chair	
0430-0450	Closing Statement	Minister for Finance	
0450-5000	Press Statement	Secretariat	
0500-0600	<b>COCKTAIL</b>		

## LIST OF PARTICIPANTS

**THE 2013 GENERAL BUDGET SUPPORT ANNUAL REVIEW MEETING  
18/11/2013 AT JULIUS NYERERE INTERNATIONAL CONVENTION CENTRE**

GOVERNMENT			
S/N	NAME	DESIGNATION	MINISTRY/DEPT
1	Hon. Saada Mkuya	Deputy Minister	MOF
2	Hon. Janet Mbene	Deputy Minister	MOF
3	Dr. Florence Turuka	Permanent Secretary	PMO
4	Anna Maembe	Permanent Secretary	MCDGC
5	Joan Mbuya	Ag. Permanent Secretary	VPO
6	Doroth Mwanyika	Deputy Permanent Secretary	MOF
7	Prof. Alfred Mkenda	Deputy Permanent Secretary	MOF
8	Yamungu Kayandabila	Deputy Permanent Secretary	MACFs
9	Eng. Joseph Nyamhanga	Deputy Permanent Secretary	MOW
10	Eng. Mbogo Futakamba	Deputy Permanent Secretary	MOW
11	Said Shaaban Said	Deputy Permanent Secretary	ZVPO
12	Eng. Ngosi Mwiwaha	Deputy Permanent Secretary	MEM
13	Florence Mwandri	Deputy Permanent Secretary	POPC
14	John Mgondo	Deputy Permanent Secretary	MCST
15	Zuberi . M. Samataba	Deputy Permanent Secretary	PMORALG
16	Benno Ndulu	Governor	BOT
17	Natu .E. Mwamba	Deputy Governor	BOT
18	Dr. Albina Chuwa	Director General	NBS
19	Hajjat. Amina .S. Mrisho	Commissioner for Census 2012	NBS
20	Mathias Kabundunguru	Director Policy and Planning	PO-PSM
21	Erasto Ndunguru	Ass. Director M&E	MOW
22	Joachim .C. Otaru	Ag. Director Policy and Planning	MFAIC
23	Emmanuel Achayo	Director Policy and Planning	MGCDC
24	Angelo Haule	Asst. Director Policy and Planning	MODNS
25	Bedason Shallanda	Commissioner Policy Analysis Department	MOF

26	Judica Omari	Ag. Commissioner External Finance	MOF
27	James .I. Nyakei	Performance Auditor	NAOT
28	Sauda .K. Msemo	Senior Financial Auditor	BOT
29	Threseia Msaki	Ass. Director Policy and Planning	MAF
30	Peniel Lyimo	Deputy CEO	PDB
31	Cecilia .E. Mwandepa		MOF
32	Wanja Mtwazo	Ag. Director Policy and Planning	MEM
33	Alexandr Lwfikirt	Commissioner	MOF - PFMRP
34	Flora Batuli	Principal Officer	PMO
35	Buji Emmanuel	Principal Economist	MOF
36	Mwinjaka Saliwa	Ag. Director Policy and Planning	MLFD
37	Fanuel Mathayo	Ag. Ass. Director Policy and Planning	MOF
38	Joyce Momburi	Asst. Director	MOHA
39	Edward Sungula	Director Policy and Planning	MIT
40	Obadiah .M. Nyangiro	ADPB	MIT
41	Emmanuel Mayeji	Ag. Director Policy and Planning	MOCLA
42	Hamisa Malongo	Executive Associate	MOF
43	Tumaini Didier	Executive Associate	MOF
44	Oliva Mgweno	OMS	MOF
45	Anna Mwashwa	Director Poverty Eradication	MOF
46	J.M Mrenga	ST	MOCLA
47	Justine Moshi	Economist	MOCLA
48	Bertha Bomani	Economist	POPC
49	David J. Pwele	Statistician	MCST
50	Karerema Kwareh	SV	MOF
51	Ayubu .O. Kasuwi	DMC	PPRA
52	Augustine L. Ollal	Ass. Commissioner	MOF
53	Aunyisia Meena	Ass. Director M&E	MOT
54	Josibert Rubona	Ag. Director Policy and Planning	MOHSW
55	Hosea Mokiwa	Officer	MOF
56	Brain Kessy	Economist	MOF
57	Amani Wilfred	Economist	MOF



58	Rahma .S. Mahfoudh	Commissioner - Economic Department	POPC-ZNZ
59	Andambike Mololo	Economist	MOF
60	Ezamo Maponde	Ass. Director - PSD	PMO
61	Damas . D. kizenga	Senior Financial Management Officer	MOF
62	Innocent Luoga	Ass. Commissioner	MEM
63	Alice Matembele	Financial Management Officer	MOF
64	Sebastian Ndandala	Ag. Programme Coordinator - PFMRP	MOF
65	Dr. Joe Massawe	Director	BOT
66	Lelansi Mwakibibi	Policy Expert	MOF
67	Josephat Mbwambo	Economist	MEM
68	Paison D. Mwambyasi	SIA	MOF
69	Benedict A. Mtui	ADME	PMO-RALG
70	Lucy Clemence Kiteve		MOF
71	Gaspar P. Mwembezi	Director Policy and Planning	MEAC
72	Idrissa A. Shamte	DPPR	MOF
73	Awezae Juma	PPD	MOF
74	Sharif B. Kombo	External Finance Officer	MOF-ZNZ
75	Aziza J. Ally	External Finance Officer	MOF-ZNZ
76	Mohamed Jaffar Jumanne	Coordinating Officer	ZGO
77	Ibrahim Killapo	Principal Economist	MOF
78	John Cheyo	Ag. Commissioner Budget	MOF
79	Mwita Mgeni	Commissioner	MOF(ZNZ)
80	Nohammed A. Mtonga	Internal Auditor General	MOF
81	Fadhili M. Maregesi	Assistant Director M&E	PMORALG
82	Evelyne Thomas	Information Officer	NAOT
83	Juma A. Hafidh	Deputy Programme Coordinator	MOF-ZNZ
84	Adolf Ndunguru	Public Finance Manager	TRA
85	I. Mduma	CGCO	MOF
86	Wenge Sobayi	SSV	MOF-GAMD
87	Fatma Kiongonsya	Director Planning Department	MOF
88	Bunare M. Daniel	Assistant Commissioner	MOF/PPD
89	Waryoba Nyakuwa	Economist	MOF

90	Mary Faini	Director Policy and Planning	MNRT
91	Salhiya A. Salim	Accountant	MOF-ZNZ
92	Eliakim Lovililo	FMGT	MOF
93	Melkiory Paschal	Ag. CA/FMGT	MOF
94	Shaheen Feruz	Accountant	MOF-ZNZ
95	Jonathan Wosley	Advisor	MOF - ZNZ
96	Neema John	Ag. Director Policy and Planning	PO
97	Kulthum Mansoor	Director Planning M&E	PCCB
98	Pius Mponzi	Assistant Commissioner Budget/Technical	MOF
99	Kelvin Mdeme	SCSA	MOF
100	Alex Mwakisu	FMO	MOF
101	Adrian Naju	ACEF/AC	MOF
102	Kakulu Buchard	FMO	MOF
103	Neema Mkwizu	FMO	MOF
104	Mukajungu Kamuzora	FMO	MOF
105	Eva Valerian	Communication Officer	MOF
<b>DEVELOPMENT PARTNERS</b>			
<b>S/N</b>	<b>Heads of Missions</b>		
	<b>Name</b>	<b>Designation</b>	<b>Institution</b>
106	Tonia Kandiero	Resident Representative	AfDB
107	Prosper Charle	Economist	AfDB
108	Alexandre Leveque	Ambassador	Canada
109	Patricia McCullagh	Head of Cooperation	Canada
110	Jonathan Arnold	Economist	Canada
111	Steen Sonne Andersen	Head of Cooperation	Denmark
112	Mette Melson	Economist	
113	Marshall Elliott	Head of DfID	DfID/UK
114	Richard Moberly	Lead Economist	DfID/UK
115	Stuart Forster	Head of Governance Unit	DfID/UK
116	Justine Williams	Governance Advisor	DfID/UK
117	Filiberto Ceriani Sebregondi	Ambassador	European Union

118	Eric Beaume	Head of Cooperation	European Union
119	Olivier Coupleux	Economist	European Union
120	Rodrigo ROMERO-VAN-CUTSEM	Economist	European Union
121	Sinikka Antila	Ambassador	Finland
122	Kimmo Laukkanen	Head of Cooperation	Finland
123	Lotta Valtonen	Economist	Finland
124	Sebastian Gahnstrom	Programme Officer	Finland
125	Mikko Lappanen	Advisor	Finland
126	Hans Koeppel	Charge de Affairs	German
127	Claudia Kraemer	Head of Cooperation	German
128	Wolfgang Solzbacher	Head KfW	KfW/German
129	Thomas Baunsgaard	Resident Representative	IMF
130	Chelaus Rutachururwa	Economist	IMF
131	Fionnuala Gilsenan	Ambassador	Ireland
132	Maire Matthews	Head of Cooperation	Ireland
133	Estelle Cholet	Economist	Ireland
134	Masaki Okada	Ambassador	Japan
135	Onishi Yasunori	Head of JICA	JICA
136	Sato Tomonobu	Head of Cooperation	Japan
137	Hajime Iwama	Head of Cooperation	JICA
138	Kondoh Yoshisuke	Program Advisor	JICA
139	Yuzuru Ozeki	Transport Policy Advisor	JICA
140	Homma Minoru	Sector Lead - Agriculture	Japan
141	Tamaki Yoshida	Researcher/Advisor	Japan
142	Kazuyoshi Matsunaga	Minister Councillor	Japan
143	Lise Stensrud	Head of Cooperation	Norway
144	Olav Lundstol	Economist	Norway
145	Lennarth Hjelmaker	Ambassador	Sweden/GBS Chair
146	Maria Van Berlekom	Head of Cooperation	Sweden/GBS Chair
147	Johan Kiessling	Economist	Sweden/GBS Chair
148	Anette Widholm Bolme	Governance Advisor	Sweden/GBS Chair

149	Philippe Dongier	Country Director	World Bank
150	Jacque Morriset	Lead Economist	World Bank
151	Victoria Cunningham	Economist	World Bank
152	Emmanuel Mungunasi	Sr. Economist	World Bank
153	Yutaka Yoshino	Sr. Economist	World Bank
154	Alberic Kacou	Resident Representative	UNDP
155	Amon Manyama	Economist	UNDP
156	Lucy Sabai	Education - DPG	World Bank
157	Paulina Mrosso	Coordination Officer	GBS Secretariat
158	Kalle Hellman	Coordinator	GBS Secretariat
159	Verena Knippel	Results Manager	GBS Secretariat
160	Paddy Siyanga Knudsen	DP-Coordinator	PFM Secretariat