

## AFRICAN DEVELOPMENT FUND



### PROJECT: INSTITUTIONAL SUPPORT PROJECT FOR GOOD GOVERNANCE –PHASE II COUNTRY: UNITED REPUBLIC OF TANZANIA

### PROJECT APPRAISAL REPORT

*Date: September 2010*

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**OSGE - TZFO**

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### Currency Equivalents

*As of 31 July 2010*

1 UA	=	TZS 2032.52
1 UA	=	USD 1.5111
1 USD	=	TZS 1345.0

### Fiscal Year

**1 July – 30 June**

### Weights and Measures

1 metric tonne	=	2204 pounds (lbs)
1 kilogramme (kg)	=	2.200 lbs
1 metre (m)	=	3.28 feet (ft)
1 millimetre (mm)	=	0.03937 inch (“)
1 kilometre (km)	=	0.62 mile
1 hectare (ha)	=	2.471 acres

## Acronyms and Abbreviations

AfDB	:	African Development Bank
ADF	:	African Development Fund
AFROSAI	:	African Organization of Supreme Audit Institutions
BEST	:	Business Environment Strengthening for Tanzania
BOT	:	Bank of Tanzania
CFAA	:	Country Financial Accountability Assessment
CGP	:	Country Governance Profile
CPAR	:	Country Procurement Assessment Report
CPIA	:	Country Policy and Institutional Assessment
CSP	:	Country Strategy Paper
CTB	:	Central Tender Board
DP	:	Development Partners
DPP	:	Director of Public Prosecution
DFID	:	Department for International Development
EITI	:	Extractive Industries Transparency Initiative
FEAC	:	Finance and Economic Affairs Committee
GDP	:	Gross Domestic Product
GoT	:	Government of Tanzania
GPN	:	General Procurement Notice
IFMIS	:	Integrated Financial Management Information System
JAST	:	Joint Assistance Strategy for Tanzania
IAGO	:	Internal Auditor General Office
IAO	:	Internal Audit Office
IMF	:	International Monetary Fund
IT	:	Information Technology
LGA	:	Local Government Authority
LSRP	:	Legal Sector Reform Program
M & E	:	Monitoring and Evaluation
MDAs	:	Ministries, Departments and Agencies
MIS	:	Management Information System
MKUKUTA	:	Mkakati wa Kukuza Uchumi na Kupunguza Umasikini Tanzania
MKUZA	:	Mkakati wa Kukuza Uchumi na Kupunguza Umasikini Zanzibar
MoFEA	:	Ministry of Finance and Economic Affairs
MOU	:	Memorandum of Understanding
MTEF	:	Medium-Term Expenditure Framework
NACSAP	:	National Anti-Corruption Strategy Action Plan
NAO	:	National Audit Office
NBMM	:	National Board of Materials Management
NCB	:	National Competitive Bidding
NGOs	:	Non-Governmental Organizations
OCAG	:	Office of the Controller and Auditor General
PE(s)	:	Procurement entities
PEFA	:	Public Expenditure and Financial Accountability
PCCB	:	Prevention and Combating of Corruption Bureau
PCN	:	Project Concept Note
PCR	:	Project Completion Report
PER	:	Public Expenditure Review
PFA	:	Public Finance Act
PFMRP	:	Public Financial Management Reform Program
PIU	:	Project Implementation Unit
PPAA	:	Public Procurement Appeals Authority
PPRA	:	Public Procurement Regulatory Authority
PRSL	:	Poverty Reduction Support Loan

RGO : Registrar General Office  
TANROADS: Tanzania Roads Agency  
TZFO : Tanzania Field Office  
UA : Unit of Account  
UNDB : United Nations Development Business  
UNDP : United Nations Development Program  
WDSW : Women in Development and Social Work

## Loan Information

**BORROWER** : **Government of the United Republic of Tanzania**

**EXECUTING AGENCY** : **Ministry of Finance and Economic Affairs**

### Financing plan

Source	Amount (UA)	Instrument
ADF	UA 5.200	Loan
GoT	UA 0.260	Counterpart funds
<b>Total Cost</b>	<b>UA 5.460</b>	

### ADF's key financing information

Loan currency	Unit of Account
Interest type*	N/A
Interest rate spread*	N/A
Commitment fee*	0.50%
Other fees*	0.75% on undisbursed and outstanding
Tenor	50 years
Grace period	10 years
FIRR, NPV (base case)	N/A
EIRR (base case)	N/A

### Timeframe - Main Milestones (expected)

Concept Note approval	May, 2010
Project approval	September 2010
Effectiveness	November 2010
Last Disbursement	June 2014
Completion	December 2013

## Project Executive Summary

1. The objective of the proposed *Institutional Support Project for Good Governance II* (ISPGG II) is to build enhanced capacity, accountability and integrity in the management of public resources, through (i) the strengthening of the capacity of integrity and accountability institutions and (ii) more effective economic policy management. The project will have two main components: (A) Improving budget credibility and transparency; and (B) Enhancing economic policy management. Under the first component, the proposed project will build capacity in the areas of public procurement and audit; whereas in the second component the focus will be in building capacity within the area of managing the PFMRP and improving the business environment in general. The expected outcome under the first component is to improve tracking, monitoring and value for money in public procurement and audit; whereas the expected outcome under the second component is to attain more effective economic policy management.

2. The rationale for this second phase is based on the need to consolidate the gains attained in the first phase, particularly in terms of improving the rate of conformity to *the Public Procurement Act*. Intervention in the area of public audit is underscored by government's initiative to introduce legislation to create an autonomous post of Internal Auditor General Office (IAGO) and by the need to strengthen the capacity of the National Audit Office (NAO) to cope with the decentralization and devolution of financial management to local government authorities. The rationale is also based on the need for creating a more effective economic policy management, as the implementation of reforms under PFMRP and BEST have not been progressing satisfactorily because of technical weaknesses in designing and implementing the programs. The Bank's involvement through this operation will also have positive impact on the Bank's portfolio for Tanzania through improvement in the country procurement and audit systems and capacity building of the ADB desk in the Ministry of Finance and Economic Affairs (MoFEA). It will also be complemented by Bank support to revenue transparency through support to the Extractive Industries Transparency Initiative (EITI), as well as complementing the Bank funded support to COMESA through the regional project on public procurement reforms. The Bank's involvement is also consistent with the Joint Assistance Strategy for Tanzania (JAST 2006-2010) and the Bank's "*Governance Strategic Directions and Action Plan (GAP 2008-2012)*).

3. The Country's first results-based *National Strategy for Growth and Reduction of Poverty* (NSGRP), and *Zanzibar's Strategy for Growth and Reduction of Poverty* (ZSGRP), covered the period 2005/06-2009/10. The second NSGRP and ZSGRP, covering the period (2010/11-2014/15) have been formulated and are currently being finalized. The policy and governance reforms implemented over this period were broad and far reaching, covering public financial management, governance and private sector business environment. The first *Public Financial Management Reform Program (PFMRP)*, which was launched in 1998, aimed at improving financial transparency and accountability. The current PFMRP (2008/09-2010/11) covers broad areas in public procurement and audit, macroeconomic and budget management.

4. In the area of governance recent reforms included the undertaking of a *National Governance and Corruption Survey*, the formulation of a *National Anti-Corruption Strategy and Action Plan, Phase II (NASCAP II)* and the establishment of the *Prevention and Combating of Corruption Bureau (PCCB)*. Key legislative reforms to combat corruption and improve public service performance included *Public Service Reform Program II*, and the *Legal Sector Reform Program II*. To improve the business environment, the government

launched *The Business Environment Strengthening for Tanzania (BEST)*. Key components of this program include improved business regulations, commercial dispute regulations, and the strengthening of the Tanzania Investment Centre.

5. The development partners have supported the reform efforts of Tanzania by providing budget support, which accounted for almost one-third of the total budget over the last three years. The reforms and the financial support provided helped Tanzania to achieve impressive macroeconomic results over 2005-2009. Real growth over this period averaged almost 7.0 percent, and end of year inflation averaged 7.7 percent annually. Overall fiscal deficit averaged 2.8 percent annually over the same period. Substantial progress has been made towards attaining the *Millennium Development Goals* within the social sector; however, marginal progress has been realized in reducing income poverty.

6. In spite of the relatively satisfactory macroeconomic results, there emerged weaknesses in recent years in the implementation of policy and institutional reform program, particularly in public financial management, the business environment and governance. Stakeholders review during the Annual Budget Support meetings, and technical reviews concluded that challenges in the reform process are attributed to lack of adequate sequencing, poor institutional arrangements and inadequate implementation capacity. The choice of the components and activities to be realized is therefore informed by the proposed focused PFMRP IV agenda, which includes five key result areas: (i) performance, scope and coverage of IFMIS; (ii) cash management; (iii) flow of funds; (iv) quality of financial reporting and auditing; and (v) budget management.

7. The Bank Group supported the policy and governance reform process over 2004-2009 mainly through two operations: (i) The *Poverty Reduction Support Loan III (PRSL III)*, (ADF Loan of UA 100 million), and (ii) the *Institutional Support Project for Good Governance (ISPGG)* (ADF Grant of UA 4.787). The PRSL III supported reforms within four specific areas of the PFMRP: non-tax revenue mobilization; public procurement; public audit and corporate governance within the road sub-sector. The PRSL III PCR of 2009 has concluded that the envisaged outcomes were largely attained. The first *Institutional Support Project* complemented the PRSL III by providing capacity building mainly in public procurement and audit. The PCR for the ISPGG of 2009 concluded a satisfactory performance, improving the procurement compliance rate from 39 percent in 2004 to 50 percent in 2009.

## Result-based Logical Framework

HIERARCHY OF OBJECTIVES	EXPECTED RESULTS	REACH	PERFORMANCE INDICATORS	INDICATIVE TARGET AND TIME FRAME	ASSUMPTIONS AND RISKS
<p><b>1. Sector Goal:</b> To improve transparency and accountability in public financial management</p>	<p><b>Impact:</b> Improved budgetary systems and delivery capacity</p>	<p><b>Beneficiaries:</b> the population at large.</p>	<p><b>Impact Indicators:</b></p> <p>1.1 CPIA-13: Quality of budgetary and financial management</p> <p><i>Source of verification: Bank CPIA report on Tanzania - ESTA</i></p>	<p>1.1 CPIA-13 indicator improves from 4.0 (2009) to 5.0 (2013)</p>	<p><b>Assumptions:</b> sustainability of policy and institutional reforms by Government and sustained financial support from the development partners.</p> <p><b>Risks:</b> (i) Policy slippage due to weak commitment to reforms. (Risk #1, Table 4.5)</p> <p>(ii) The reform program being derailed or slackened because of internal political turmoil or external shocks. (Risk #2, Table 4.5)</p>
<p><b>2. Project Purpose:</b> Enhanced capacity, accountability and integrity in the management of public resources in both mainland Tanzania and Zanzibar</p> <p>Component A: Improving Budget Credibility and Transparency</p>	<p><b>Outcome (1):</b> Improved tracking, monitoring and value for money audit of public accounts</p>	<p>NAO (mainland) OCAG (Zanzibar)</p>	<p>1.1.1 PEFA (PI-26) on scope, nature and follow up on external scrutiny of audit.</p> <p>1.1.2. AFROSAI-E Rating</p> <p>1.1.3 Unqualified audit opinions.</p> <p><i>Source of verification: MoFEA (Mainland and Zanzibar)/NAO</i></p>	<p>1.1.1 PI-26 rating to improve from “C” in 2008 to “B” by 2013.</p> <p>1.1.2 AFROSAI-E rating for NAO improves from level 1 to level 3 by 2013.</p> <p>1.1.3 The proportion of unqualified opinion to improve from 86% in 2008/09 to at least 95% by 2013/14.</p>	<p><b>Risks:</b></p> <p>(i) High turnover of trained staff in the NAO and the Accountant General’s Office. (Risk #6, table 4.5)</p> <p>(ii) The announced curtailment of budgetary support by some development partners providing assistance to the PFMRP may adversely impact the plans of NAO to improve its operations. (Risk #4, table 4.5)</p> <p><b>Mitigating factors:</b> (i) The Public Finance Act has already been tabled for presentation to the National Assembly. NAO has confirmed that the Act would be amended prior to the end of 2010.</p> <p>(ii) The risk of high turnover in trained staff is partly reduced by the existence of an effective bonding arrangement.</p> <p>(iii) The Government has started to mobilize domestic and external</p>

HIERARCHY OF OBJECTIVES	EXPECTED RESULTS	REACH	PERFORMANCE INDICATORS	INDICATIVE TARGET AND TIME FRAME	ASSUMPTIONS AND RISKS
					resources to offset the anticipated decline in budgetary support..
	Outcome (2);Improved value for money in public procurement.	<p>PPRA (Mainland)</p> <p>The Procurement Department (Zanzibar)</p> <p>The business community</p>	<p>1.2.1 Rate of compliance of procurement entities (PEs) in ministries, departments and agencies (MDAs) and local government agencies (LGAs)</p> <p>Source of Verification: PPRA</p>	<p>1.2.1 Compliance rate to improve from 50 % (2008/09) to 80% by 2012/13, as per procurement audits undertaken.</p>	<p><b>Risks:</b></p> <p>(i) Government failing to fill in the required procurement posts in PE in MDAs and LGAs. (Risk #6, Table 4.5)</p> <p>(ii) High turnover of trained staff. (Risk #6, Table 4.5)</p> <p>(iii) Availability of relevant qualified staff for training. (Risk #6, Table 4.5)</p> <p><b>Mitigating Factors:</b> The Government has recently taken steps to improve the conditions of employment for civil servants and there is an effective bonding mechanism for bonding.</p>

HIERARCHY OF OBJECTIVES	EXPECTED RESULTS	REACH	PERFORMANCE INDICATORS	INDICATIVE TARGET AND TIME FRAME	ASSUMPTIONS AND RISKS
Component B: Enhancing Economic Policy Management	<p><b>Outcome 1:</b> Improved budget credibility</p> <p><b>Outcome 2:</b> Improved business environment</p> <p><b>Outcome 3:</b> Improved external resource mobilization</p>	<p>MoFEA (Mainland)</p> <p>PCCB</p> <p>The private sector and the citizens at large.</p>	<p>2.1 Expenditure outturn deviation.</p> <p>2.2 Performance on contract enforcement measured by:</p> <p>2.2.1 # of days to settle a business dispute.</p> <p>2.2.2 Cost as percent of claim</p> <p>2.3 Share of budget financed through budget support</p> <p><i>Source of Verification: MoFEA/National Statistics Department.</i></p>	<p>2.1 Deviation to decline from 13.1% in 2009 to less than 11% by 2013.</p> <p>2.2.1 days to settle dispute reduces from 462 (2010) to 350 (2013)</p> <p>2.2.2 cost as percent of claim reduced from 14.3% (2009) to 10% (2013)</p> <p>2.3 Reliance on budget support through development partners reduced from about 32% in 2009 to 25% by 2013.</p>	<p><b>Risks</b></p> <p>(i) Break down in policy dialogue between Government and DP on the priority and pace of financial reforms. (Risk #3, table 4.5)</p> <p>(ii) Shortfall in Government counterpart funds and DP budgetary support. (Risk #4, Table 4.5)</p> <p>(iv) High turnover of trained staff (Risk #6, table 4.5)</p> <p><b>Mitigating Factors</b></p> <p>(i) Despite announcement of budget support cuts by some DP, the Government announced that the reform process will not be affected.</p> <p>(ii) Government mobilization of domestic and foreign resources to offset the cuts in budgetary support announced by some DP.</p> <p>(iii) Existence of a bonding arrangement in respect of long-term training, which may limit the rate of turnover</p>

HIERARCHY OF OBJECTIVES	EXPECTED RESULTS	REACH	PERFORMANCE INDICATORS	INDICATIVE TARGET AND TIME FRAME	ASSUMPTIONS AND RISKS
<p><b>Inputs</b></p> <p><u>UA Million</u> ADB Loan 5.20 GoT Funds 0.26</p> <p><b>MAINLAND TANZANIA</b></p> <p><u>NAO UA MILLION</u> Training 380 p/m 0.556 Equipment 0.081</p> <p><u>PPRA</u></p> <p><u>PCCB</u> Corruption Survey 0.404 Training 0.158 Parliamentary Committees Workshops 0.066</p> <p><u>MOEA</u> Consultancy PFMA 0.081 Training 32 p/m 0.389</p> <p><u>PIU</u> 0.091</p> <p><b>Zanzibar</b></p> <p><u>OACG</u> 125 p/d consultancy to install and operate EPICAR-based Integrated Financial Management System UA 0.146 Account. system licences 0.010 m</p> <p><u>Procurement</u> 180 p/d to review and draft amendment to the Procurement Act 2004. UA 0.068 Registrar General's Office UA 0.047 m</p> <p><u>ZIFA</u> 164 p/d training UA 0.121 m Consultancy UA 0.440 m</p> <p><u>IT &amp; Office Equip. UA 0.148 m</u></p>	<p><b>Outputs</b></p> <p><u>1. Audit (Mainland)</u></p> <p>1.1 Specialized Audit Reports issued 1.2 IAD established. 1.3 Internal audit Manual developed 1.4 Regional audit offices established, and staff trained. 1.5 Parliamentary Oversight bodies in Zanzibar (PAC, FEAC and Women in Development and Social Affairs Committee) trained.-</p> <p><u>Audit (Zanzibar)</u></p> <p>1.6 EPICOR-Based IFMIS installed</p> <p><u>2. Public Procurement (Mainland)</u></p> <p>2.1 <u>Training:</u>(i) procurement staff trained. 2.2 Procurement Management Information System (PMIS) rolled out 2.3. Procurement Anticorruption strategy implemented</p> <p>2.4 system for checking and monitoring procurement process in all MDAs and LGAs introduced</p> <p>2.5 reforms for e-procurement established</p> <p>2.6 Equipment installed and vehicles procured</p>	<p><b>Beneficiaries</b></p> <p>NAO (Mainland).</p> <p>Controller and Accountant's General Office (Zanzibar). - National Assembly in Zanzibar.</p> <p>-Public Procurement Regulatory Authority (PPRA)</p>	<p>1.1 Specialized audit report</p> <p>1.2 Internal Audit Department</p> <p>1.3 Internal Audit Manual</p> <p>1.4 # of regional offices established</p> <p>1.5 # of parliamentarians and staff trained</p> <p><i>Source: Treasury Department, MoFEA.</i></p> <p>1.6. Availability of EPICOR-based IFMIS</p> <p><i>Source: OACG</i></p> <p>2.1 # of procurement staff trained</p> <p>2.2 A procurement management information system (PMIS) to be developed and implemented</p> <p>2.3 Procurement Anti-corruption strategy</p> <p>2.4 existence of procurement monitoring system</p> <p>2.5 existence of e-procurement system.</p> <p>2.6 equipment and vehicles</p> <p><i>Source: PPRA/PCCB</i></p>	<p><b>Progress Anticipated</b></p> <p>1.1 3 Specialized audit reports produced by 2013</p> <p>1.2 IAD established by 2011</p> <p>1.3 Existence of a new internal audit manual by 2011 and a training program for internal auditors.</p> <p>1.4 4 regional offices established by 2013</p> <p>1.5 50 Parliamentarians trained</p> <p>1.6 EPICOR-Based Integrated Financial Management System installed and operational by 2013</p> <p>2.1. 500 procurement staff trained by 2012</p> <p>2.2 All MDAs and LGAs to be connected to PMIS by 2013.</p> <p>2.3 Issuance of regular reports on procurement corruption cases.</p> <p>2.4 system for and monitoring procurement process implemented in MDAs and LGAs by 201</p> <p>2.5 e-procurement introduced by 2012.</p> <p>2.6 equipment and vehicles procured for 4 zonal offices by 2012</p>	

HIERARCHY OF OBJECTIVES	EXPECTED RESULTS	REACH	PERFORMANCE INDICATORS	INDICATIVE TARGET AND TIME FRAME	ASSUMPTIONS AND RISKS
	<p><b><u>Procurement (Zanzibar)</u></b></p> <p><b><u>Technical Assistance:</u></b> 105p/d to formulate terms of reference and undertake for the review of the <i>Zanzibar Public Procurement and Disposal of Public Asset Act.</i></p> <p><b>3. Economic Management</b></p> <p><b><u>MoFEA (Mainland)</u></b></p> <p>3.1 manual on M&amp;E of PFMRP developed.  3.2 corruption in procurement manual developed  3.3 MoFEA staff trained  3.4 Survey on corruption in Roads sector conducted</p> <p><b><u>MoFEA Zanzibar</u></b></p> <p>3.5 Capacity of ZIFA strengthened  3.6 Study on restructuring department of National Planning developed.  3.7 MoFEA staff trained  3.8 anti-corruption Legal Resource Center established  3.9 Business registration manual and web-site developed  3.10 study on restructuring Department of National Planning undertaken</p>	<p>The Business Community.</p> <p>Department of Stock Verification and Public Procurement</p> <p>MOFEA</p> <p>DPP</p> <p>PCCB</p>	<p>3.1 M&amp;E Manual  3.2 Manual on corruption  3.3 no. of staff trained  3.4 survey on corruption</p> <p>3.5 equipment and vehicles and training at ZIFA  3.6 restructuring study  3.7 No. of staff trained  3.8 Legal Resource Center  3.9 Business Registration Manual  3.10 restructuring study</p>	<p>3.1 Existence of a PFMRP M&amp;E Operational Manual by 2013  3.2 Development of a manual on <i>Prevention and Investigation of Corruption allegations in Procurement</i> in the Mainland.  3.3 30 MoFEA staff trained  3.4 Survey on road sector corruption conducted by 2011  3.5 Capacity of ZIFA enhanced  3.6 Study on restructuring completed in 2012  3.7 30 MoFEA staff trained by 2013  3.8 Anticorruption Legal Resource Center operational by 2013  3.9 Business registration manual completed by 2012  3.10 Study on restructuring Department of National Planning undertaken by 2012</p>	
<p><b><u>MoFEA</u></b></p> <p>TA                    UA 0.021 m  Training            UA 0.090 m  Equipment        UA 0.055 m</p> <p><b><u>The Legal Sector</u></b></p> <p>T.A                    UA 0.563 m  Training equipment UA 0.049 m  Training              UA 0.151 m</p> <p><b><u>PIU</u></b>                    UA 0.119 m</p>					
			<p><i>Source: MoFEA, Tanzania Mainland &amp; Zanzibar.</i></p>		



# **REPORT AND RECOMMENDATION OF THE MANAGEMENT OF THE ADB GROUP TO THE BOARD OF DIRECTORS ON A PROPOSED LOAN TO THE UNITED REPUBLIC OF TANZANIA FOR THE INSTITUTIONAL SUPPORT PROJECT FOR GOOD GOVERNANCE, PHASE II**

Management submits the following Report and Recommendation on a proposed ADF Loan for UA 5.2 million to finance the Institutional Support Project for Good Governance, Phase II (ISPGG II) in the United Republic of Tanzania. The main objective of the project is to improve transparency and accountability in public financial management in order to reduce the Government's fiscal deficits and thus contribute to sustainable growth. The aforementioned objective would be achieved through (i) improving the credibility and transparency of the budget and (ii) enhancing economic policy management.

## **I – STRATEGIC THRUST & RATIONALE**

### **1.1 Project Background**

1.1.1 The Country's first results-based *National Strategy for Growth and Reduction of Poverty* (NSGRP), or MKUKUTA<sup>1</sup> and Zanzibar's Strategy for Growth and Reduction of Poverty (ZSGRP), or MKUZA<sup>2</sup> covered the period 2005/06-2009/10. The second NSGRP and ZSGRP, covering the period (2010/11-2014/15), have been formulated and are currently being finalized.

#### Policy and Governance Reforms (2004-2010)

1.1.2 The Government continued with its policy and governance reforms over 2004-2010 under each of the three pillars of the NSGRP, namely: (i) Growth and reduction of income poverty; (ii) Improved quality of life and social well-being, and; (iii) Governance and accountability. The reforms under the first pillar aimed at improving macro-economic stability as well as, achieving higher levels of efficiency and competitiveness in productive sectors. It also focused on improving the business environment needed to attract private investment and stimulate business opportunities. The second pillar relates to development in education, health, public utilities, and the environment. The third pillar aimed to achieve four broad outcomes of good governance and the rule of law; enhanced accountability of leaders and public officials; social and political tolerance and democracy and; sustained political stability and national unity.

1.1.3 The major areas of reform, since 2004, have covered public financial management, governance and decentralization. In the area of public financial management, the Government launched the *Public Financial Management Reform Program (PFMRP)* in 1998, whose strategic goal was to achieve effective management of public resources by improving financial transparency and accountability. A joint evaluation of the PFMRP was carried out by the Government and the Development Partners (DP) in November 2003. Following this evaluation it was agreed to adopt a joint programmatic approach to the public financial management reform. Since then three PFMRPs were formulated and implemented. The current PFMRP III originally covered two years (2008/09-2009/10), but has recently been extended by one year to end in June 2011, so as to complete some of the outstanding reforms

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<sup>1</sup> Mkakati wa Kukuza Uchumi na Kupunguza Umasikini Tanzania.

<sup>2</sup> Mkakati wa Kukuza Uchumi na Kupunguza Umasikini Zanzibar.

on the agenda. PFMRP III includes 22 strategic outputs. Technical Annex I depicts the output indicators and results for each of the 22 PFMRP planned outputs, as at the end of 2009. For Zanzibar, there are three major reforms being implemented since 2004, namely: (i) economic and financial reforms; (ii) institutional and human resources reforms and (iii) good governance reforms.

1.1.4 In the area of governance, recent reform measures included the undertaking of a National Governance and Corruption Survey, the formulation of a National Anti-a *Corruption Strategy and Action Plan, Phase II (NASCAP II)* and the establishment of the *Prevention and Combating of Corruption Bureau, (PCCB)*. Key legislative reforms, which have been taken recently to combat corruption and improve public service performance, include *Public Service Reform Program II*, and the *Legal Sector Reform Program II*. Technical Annex III presents *Mo Ibrahim's African Good Governance Indicators* for 2007. The indicators show that in 2007 Tanzania has been ahead vis-à-vis the ranking of the other four countries in East Africa (Burundi, Kenya, Rwanda and Uganda) in all four indicators (Safety and Rule of Law, Participation and Human Rights, Sustainable Economic Opportunities, and Human Development). However, in recent years, serious financial and economic corruption cases emerged, involving high profile figures. As a result the country's absolute score in Transparency International's Global Corruption Perception Index has fallen from 3.2 (out of 10) to 2.6 in 2009.

1.1.5 The *Business Environment Strengthening for Tanzania (BEST)* is the overall program for developing the private sector, and improving the business environment. Key components of the program are: achieving better regulations, commercial dispute regulations, Tanzania Investment Centre, etc. Implementation of the program has been challenging so far in view of lack of sequencing of reforms and institutional arrangements for implementation of the reforms. Technical Annex II depicts the World Bank's Indicators of Doing Business. Out of the eleven indicators, there has been deterioration in 7 indicators between 2009 and 2010.

#### Bank Group Support to Policy and Governance Reforms

1.1.6 The African Development Fund (ADF) supported the policy and governance reform process over 2004-2010 mainly through two operations: (i) The *Poverty Reduction Support Loan III (PRSL III)*, (ADF Loan UA 100 million), and (ii) the *Institutional Support Project for Good Governance (ADF Grant UA 4.787)*. The PRSL III, which was approved in October 2008 and fully disbursed by December 2009, provided support to policy reforms within four specific areas of the PFMRP: (i) enhanced non-tax revenues mobilization; (ii) enhance public procurement; (iii) enhanced public audit function; and (iv) improved governance structures and accountability systems within the road sub-sector. The PRSL III, through support to the *Tanzania Revenue Reform Program* has resulted in improved mobilization of non-tax revenues, from concessions and licenses from forestry and other natural resources. The outcome was estimated by about 31percent increase in non-tax revenues over 2005-2008.

1.1.7 In terms of enhanced public procurement, the PRSL III supported government efforts in separating the regulatory from the operational functions. The Public Procurement Act of 2004 provided for the creation of an autonomous *Public Procurement Regulatory Authority, (PPRA)* in monitoring procurement practice for improved accountability to ensure adherence to public procurement rules. Reforms were also enhanced by fully operationalising the *Public Procurement Appeals Authority (PPAA)*, with a function of resolving complaints and disputes arising from the procurement process. In this regard, the level of compliance of

procurement entities in MDAs and LGAs increased from 39 percent in 2005 to 50 percent by the end of 2008/09. In the area of public audit, the Bank supported the amendment to the *Public Audit Act*, which empowered the Controller and Auditor General in employing, appointing, promoting and controlling discipline in the office. As a result, the audited public sector accounts were released within the statutory nine months since 2007/08.

1.1.8 The PRSL III further contributed to the improvement of the governance structures and accountability of the road sub-sector through the appointment of TANROADS Board members, establishment of an independent Board, and increased capacity within the agency. The new Roads Rehabilitation and Maintenance Project approved in 2010 include Technical Assist to further strengthen the capacity of TANROADS. It is anticipated that over the medium-term road supervision and implementation of road projects would be improved and transportation cost reduced. It is also expected the quality of implementation of the Bank funded road operations in Tanzania would be improved.

1.1.9 The ISPGG complemented the PRSL III in contributing to improving the compliance ratio of procurement entities with the *Public Procurement Act (2004)* from 39% in early 2005 to 50% by the end of 2008/09 (1.1.7). It further resulted in achieving the following outputs: (i) the formulation of an anti-corruption strategy in procurement; (ii) the establishment of a procurement cadre in the civil service; (iii) reduction in the time taken to dispose of court cases by 400% in Zanzibar; and (iv) issuance of the annual audited accounts of the Revolutionary Government of Zanzibar on time as of 2007/08.

1.1.10 These policy and institutional reforms, supported by PRSL III and ISPGG, contributed to the macroeconomic performance attained over 2005-2009. Real growth over this period averaged almost 7.0%, and end of year inflation averaged 7.7% annually. Overall fiscal deficit averaged 2.8% annually over the same period.

## **1.2 Project Linkages with Country Strategy and Objectives**

1.2.1 The Bank has supported the policy and institutional reform process in Tanzania through 4 policy based operations, and through an institutional support project. Investment projects were also designed to support related policy reforms. The first three policy-based operations focused on structural reforms geared to liberalize the economy and the establishment and development of microfinance institutions. The third *Poverty Reduction Support Loan (PRSL III)*, (UA 100 million) was approved in October 2008 and was fully disbursed by December 2009. PRSL III provided direct support to policy reforms within four specific areas of the PFMRP: (i) improved mobilization of non-tax revenues; (ii) creation of an independent oversight body to regulate public procurement; (iii) strengthening of the audit function; and (iv) support governance structures and accountability systems within the road sub-sector. The PCR, which was finalized in December 2009, concluded that the PRSL III had positive impact in the four policy areas.

1.2.2 The *Institutional Support Project for Good Governance* (ADF Grant 4.797) was approved in December 2004 and completed by the end of 2009. The PCR was finalized in November 2009 concluded that the ISPGG has been instrumental in contributing to the overall improvement of the PFM environment, particularly in the area of public procurement and in the case of Zanzibar, the judicial system. The PCR more specifically highlighted the following outcomes, which were directly attributable to the project: (i) the level of compliance with the *Public Procurement Act (2004)* increased from 39% in early 2005 to 50% by the end of 2008/09; (ii) an anti-corruption strategy in procurement has been formulated; (iii) establishment of a procurement cadre in the civil service; (iv) reduction in

the time taken to dispose of court cases has been reduced by 400% in Zanzibar, as the prosecution process has been shifted from the police force to the judiciary; (v) the audited accounts of the Revolutionary Government of Zanzibar were issued on time for the first time in 2007/08.

1.2.3 The Bank Group is a party to the *Joint Assistance Strategy for Tanzania* (JAST 2006-1010)<sup>1</sup>, which is a Government-led national program for managing development co-operation and achieving national development and poverty reduction goals. JAST emphasizes country ownership and is instrumental to the implementation of MKUKUTA and MKUZA. The Bank's strategy for Tanzania is focused on two mutually reinforcing pillars of MKUKUTA, namely: (i) growth and reduction of poverty and (ii) improvement of the quality of life and social well-being. The proposed ISPGG II is consistent with the JAST as the end result of the proposed project would contribute to growth and poverty reduction. The ISPGG II in particular has direct linkages to three key result areas of the forthcoming MKUKUTA and PFM RP IV: (i) further improvement of the procurement process through decentralization and devolution; (ii) strengthening public finance transparency accountability; and (iii) improving economic management.

### **1.3 Rationale for Bank's Involvement**

1.3.1 Public Financial Management: The proposed project seeks to consolidate gains in financial transparency and accountability, contributed to by the Fund through the first Institutional Support Project and through the PRSL-III. Implementation of the PFM RP (2008/09-2010/2011) in recent years has slowed down as a result of weaknesses in the program design and implementation. Thus, through the proposed ISP, the Bank is taking a proactive role in providing capacity building in critical areas within public financial management. It is in this context, combined with the need to sustain the already-acquired gains, that the proposed ISPGG II is being proposed. The proposed project will also help pave the way for the forthcoming Bank budget support under ADF-XII, which would focus notably on supporting policy actions within the PFM area. In the area of public procurement, the project would build capacity of the newly created public entities in MDAs and LGAs.

1.3.2 The rationale for intervention within public accounting and audit is the need to support government's initiative in establishing the post of an Internal Auditor General. Thus there is a need to build capacity in the new office. Similarly there is a need to support the NAO to enable it to cope with the decentralization and devolution of financial management to the local government agencies.

1.3.3 Economic Management: The rationale for the Bank's involvement through this project is driven by the need to create an effective economic policy management framework, as both the implementation of the PFM RP and the agenda for promoting the private sector (BEST) have not been progressing satisfactorily (1.1.5 and 1.2.2). The project will provide support to the PFM RP through capacity building in the coordination, monitoring and evaluation of the program and in supporting measures to improve the business environment and strengthen investor's confidence. Technical Annex I presents the strategic planned outputs of the PFM RP, and the specific areas, which are supported by the Bank (the shaded areas).

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<sup>1</sup> The formulation of JAST was led by the Government and involved extensive consultations with stakeholders, including 19 development partners.

1.3.4 Another rationale for the Bank's involvement is the anticipated synergy with the Bank's portfolio arising from capacity building in procurement and audit, and through strengthening the capacity of the AfDB desk in the MoFEA. In particular, it will complement the Bank funded support to COMESA through the regional project on public procurement reforms that seeks to strengthen the procurement systems of COMESA countries. It will also be complemented by Bank support to revenue transparency through recently approved Bank support to the Tanzania *Extractive Industries Transparency Initiative* (TEITI), and will have positive impact on the Tanzania EITI, as the capacity building within the audit sector will improve the transparency and accountability in the natural resources sector.

1.3.5 The Bank's involvement is consistent with the JAST and the Bank's "*Governance Strategic Directions and Action Plan (GAP 2008-2012)*". The proposed operation also complements intervention by other development partners in support of the *National Anti-Corruption Strategy Policy Action*, mainly UNDP, DFID, Canada, Denmark, Norway, USA, the EU and the World Bank. The project would also lend synergic support to the on-going and planned Bank Group portfolio in Tanzania, particularly in the area of project management and financial accountability. The Fund's intervention at this particular point in time is opportune, as the Government has strongly renewed its commitment during the November 2009 GBS meeting to pursue financial and economic reforms. Furthermore, going into ADF-XII with an envisioned further budget support, ISPGG II will serve as a complementary instrument in delivering on the PFM reforms mentioned above.

## **1.4 Donor Coordination**

1.4.1 Tanzania is considered a model for alignment and harmonization of development assistance. Since 2005 the Government has used the *JAST*, which served to guide aid modalities and delivery of development assistance in the context of increased harmonization. A JAST MOU was signed in December 2006 by the Government and 19 participating DPs (ADB, Belgium, Canada, Denmark, EU, Finland, France, Ireland, Japan, Germany, Netherlands, Norway, Spain, Sweden, Switzerland, U.K, World Bank, United Nations Organizations, and USA). The major development partners also prepared a *Joint Program Document (JPD)*, which defines a common understanding by DPs on various aspects of the economy and donor relations with the objective of reducing transaction costs to the Government. Several joint programs were developed including a Budget Support Program, a Public Financial Management Reform Program and other sectoral programs, such as roads and water and sanitation programs.

1.4.2 Donor assistance to Tanzania for the PFMRP comes in either project funding or through a basket funding arrangement. The main donors who contribute to the PFMRP basket funding include Canada, Denmark, the EU, Germany (KfW), JICA and Norway. Technical Annex III presents a summary of donor funding and the level of donor coordination.

## **II – PROJECT DESCRIPTION**

**2.1 Project Objectives:** The ultimate goal of the project is to improve transparency and accountability in public financial management in order to enhance the quality of budgetary and financial management and thus contribute to reduced fiscal deficit and, ultimately, economic growth. In this context, the project's specific objective is to enhance the capacity, accountability and integrity in the management of public resources both in Tanzania

Mainland and Zanzibar. The following Table 2.1 presents a summary of the project components by items, whereas Technical Annex VI presents a detailed budget costs for each of the Tanzania Mainland and Zanzibar over the three years period of the project 2011-2013.

**2.2 Project Components:** Two components are defined to this end: (A) improving the credibility and transparency of the budget and (B) enhancing economic policy management. Under the first component, the proposed project will build capacity in the areas of public procurement and audit; whereas in the second component the focus will be in building capacity in managing the PFMRP and improving the business environment in general. The planned outcomes under component (A) are: (i) improved tracking, monitoring and value for money audit of public accounts; and (ii) improved value for money in public procurement. The planned outcomes under component (B) are: (i) improved budget credibility; (ii) improved business environment; and (iii) improved external resource mobilization.

### Component A: Improving Budget Credibility and Transparency

2.2.1 The two outcomes are: (1) improved tracking, monitoring and value for money audit; and (2) improved value for money in public procurement. The performance indicators referring to outcome 1 (audit) are: (i) PEFA indicator (PI-26) rating on “*scope nature and follow-up of external scrutiny and audit*” to improve from “C” in 2008 to “B” by 2013; (ii) NAO AFROSAI-E rating improves from the current level I to level III by 2013 and (iii) the proportion of unqualified opinion on government audited accounts to improve from 86 percent in 2008/09 to at least 95 percent by 2013. These are within the overall context of the PFMRP (see strategic outputs 8, 14, 17 and 18 of Annex III). The performance indicator referring outcome 2 (procurement) is to improve the procurement compliance rate from 50 % in 2008/09 to 80% by 2012/13. This also is within the overall context of the PFMRP (see strategic outputs 11 in Annex III). These performance indicators related to the Bank’s *Core Sector Indicators (CSI)* for Governance nrs. 4 and 5 in the *Guidelines for the Use of Core Sector Indicators (CSI)* of 6 May 2010.

**Table 2.1 Costing of components**

	Component name	Est. cost (UA million)	Component description
<b>TANZANIA MAINLAND</b>			
A	Improving the credibility and transparency of the budget	0.625	(i) National Audit Office (NAO)
		2.587	(ii) Public Procurement Regulatory Authority (PPRA)
B	Enhancing Economic Policy management	0.121	(i) PFMRP Secretariat
		0.327	(ii) Ministry of Finance and Economic Affairs (MoFEA)
		0.527	(iii) Prevention and Combatting of Corruption Bureau (PCCB)
	Project Coordination Unit	0.092	
<b>ZANZIBAR</b>			
A	Improving the credibility and transparency of the budget	0.156	(i) Office of the Controller and Auditor General (OCAG)
		0.116	(ii) Public Procurement and Management of Public Assets
		0.066	(iii) Parliamentary Oversight Committees
B	Enhancing Economic Policy Management	0.111	(i) Ministry of Finance and Economic Affairs
		0.314	(ii) Zanzibar Institute of Financial Administration
		0.264	(iii) The Commercial Court and DPP
	Project Coordination Unit	0.119	

2.2.2 (Component A - Outcome 1) Improved tracking, monitoring and value for money audit: The main challenge in the area of audit is constrained human capacity to enable the National Audit Office (NAO) to continue carrying out its mandate in covering central, regional and over 250 local government agencies, in addition to public authorities. The responsibilities of the NAO have increased in recent years as the government continued its decentralization process to local governments. To improve the quality of audit and cover more local government authorities (LGAs), the NAO is in the process of opening four new regional audit offices. The need for capacity building in audit is becoming even more urgent as the Government has tabled a draft amendment for the current Public Finance Act to create an Internal Audit Office (2.2.3). Another major challenge is the need to operationalize the core *Integrated Financial Management Information System* (IFMIS) modules relevant for effective management of public resources. In the case of Zanzibar, the main challenge is to cope with the need of modernization in audit by shifting to electronic accounting, through installing EPICOR-based IFMIS.

2.2.3 Tanzania Mainland: The Fund's support under this component will contribute to PFMRP's overall objective of decentralizing and devolving financial management to LGAs. The MoFEA through project resources will develop capacity in the Internal Audit Office (IAO) through local training of accountants and auditors of the Internal Audit Office, including at LGAs. The main inputs financed under this component include training, equipping, and furnishing of four new regional audit offices. In terms of human capacity building, the NAO has a corporate training strategy and a medium-term training program (2005-2010). Within the overall context of the corporate training program, the project will provide professional and on the job training in the areas of environmental audit, forensic auditing, gender-based auditing, risk-based audit, procurement and IT audit, as well as performance audit in the roads sector. The project, through NAO, will also provide training workshops for the National Assembly financial oversight committees on analysis of financial statements and interrogation skills. There are mainly two major outputs under this component: (i) creation of *Internal Audit Division* within the MoFEA; and (ii) development of a new audit manual and a training program for internal audit by 2013, as provided for by the Finance Act of 2010, which has also created an Internal Auditor General Office (IAGO) within the MoFEA.. The Act empowers the IAG to conduct forensic auditing of LGAs. This measure is important as almost 70% of the government budget goes to the LGAs.

2.2.4 Zanzibar: In the case of Zanzibar the main activity financed by the project is technical assistance for the installation of an *EPICOR-based Integrated Financial Management System* in the Office of the Controller and Auditor General (OCAG). The project will also finance the procurement of license fees of the software, as well as consultancy services for the on-the-job training for 20 OCAG staff. The main output under this component is EPICOR-based IFMIS program installed and operated by 2013. This component is embedded within strategic output 19 of the PFMRP (Annex 3).

2.2.5 In support of the House of Representatives workshops will be organized to familiarize members of the oversight committees on the budgetary process, – including gender budgeting - the national development plan, and the Finance Act and oversight functions over central and local governments. The committees to benefit from these workshops are: the Public Accounts Committee (PAC), the Finance and Economic Affairs Committee (FEAC) and the Committee on Women in Development and Social Work (WDSWC). This activity is critical as General

elections are scheduled for October 2010, which implies that the current oversight committees will change.

2.2.6 The Project's main inputs in public audit include training, provision of technical assistance, IT and office equipment (Technical Annex VI).

2.2.7 (Component A - Outcome 2) Improved value for money in Public Procurement: The main challenge in the area of public procurement is improving the compliance rate of public entities in ministries, department and agencies (MDAs) and in local government authorities (LGAs). The 2004 Public Procurement Act has decentralized the public procurement process to MDAs and LGAs. Thus there is need to build capacity at these levels and to enable the PPRA to carry out its mandate in monitoring public procurement. The main challenge in Zanzibar is to review the current Procurement Act, with the objective of improving the efficiency of public procurement and realigning it to current trends.

2.2.8 The planned project outputs on procurement are (i) the development of a procurement management information system (PMIS) to enable all MDAs and LGAs to be interconnected by 2013; (ii) development of a manual on *Prevention and Investigation of Corruption allegations on Procurement* by 2013. Both planned outputs will build on preparatory work implemented under phase I of the project. A PMIS has been developed and tested in 20 MDAs during phase I. The second phase will interconnect procurement entities in all MDAs and LGAs with PMIS. This output will enable the Public Procurement Regulatory Authority (PPRA) to oversee all public procurements and intervene to correct and report any deviations. Phase I of the project has formulated an anti-corruption strategy in procurement. A memorandum of understanding has been concluded between the PPRA and the Prevention and Combatting Corruption Bureau (PCCB) regarding a joint strategy for dealing with corruption in procurement. The proposed phase II project builds on the first phase by financing the development of a Manual on the Prevention and Investigation of Corruption Allegations in Procurement.

2.2.9 In the case of Zanzibar, the procurement oversight body in Zanzibar is within the *Department of Stock Verification and Public Investment* of the MoFEA. The main activity under this sub-component is the provision of technical assistance to the Procurement Division to review the current *Public Procurement and Disposal of Public Assets Act No. 9 (PPDA, 2004)* with a view to aligning it with international standards.

2.2.10 The Project's main inputs in public procurement include training, provision of technical assistance, IT and office equipment (Technical Annex V).

### **Component B: Enhancing Economic Policy Management**

2.2.11 The three outcomes under this component are: (i) improved budget credibility; (ii) improved business environment; and (iii) improved resource mobilization. The outcome indicators are: (i) expenditure outturn deviation to decline from 13.1 percent to less than 11 percent by 2013; (ii) The performance for "*contract enforcement*" improves as measured by reduction in time to settle a business dispute from 462 days in 2009 to 350 days in 2013; and cost (as percent of claim) reduces from 14.3 percent in 2009 to 10.0 percent by 2013; and (iii) decline in reliance on budget support from 32 percent in 2009 to 25 percent by 2013.

2.2.12 (Component B – Outcome 1) Improve Budget Credibility: This component is anchored on the Policy Analysis and Development pillar of the PFMRP in response to the call to build capacity in economic management, which has macroeconomic implications for the PFM environment and is thus complementary to Component (A) above. A key challenge is the disconnect between the budget formulation process, the macroeconomic policy framework and the PFMRP. In addition, inadequate capacity in the formulation of a new PFMRP with prioritized objectives and well sequenced reforms (1.3.3) and the need to establish a monitoring and evaluation system for the program remains a concern. In response to the above challenges the project will provide technical assistance and training in the area of public finance management. The specific outputs include the development of a manual on the monitoring and evaluation of the PFMRP and trained staff in the area of budgeting, including gender and participatory budgeting. In the case of Zanzibar, the main outputs are: (i) MoFEA staff trained in budgeting and economic management; (ii) capacity of the *Zanzibar Institute for Financial Administration* strengthened; (iii) restructuring study on the Zanzibar Planning Commission undertaken.

2.2.13 (Component B - Outcome 2) Improved Business Environment: The main challenge is inadequate capacity in the implementation of policy and institutional reforms designed to improve the business environment. More specifically, there is need to improve sequencing of reform and institutional capacity in the business environment including efficiency in enforcing commercial contracts. To address these challenges, the project has made provisions for the development of a manual on “*The Prevention and Investigation of Corruption Allegations in Procurement*” by 2013 and to undertake a “*Diagnostic Survey on Corruption in the Roads Infrastructure*”. This is an important output since the Fund has carved the roads sector as a niche for its operations in Tanzania. In **Zanzibar** the expected outputs include: (i) the establishment of a *Legal Resource Centre* for anti-money laundering and fraud; (ii) establishment of a business registration manual; and (iii) building capacity in business law. The support provided under this component targets institutions directly engaged with commercial integrity and the pursuit of the broad anti-corruption agenda in business transactions.

2.2.14 (Component B – Outcome 3) Improved Resource Mobilization: The main challenge is to reduce Government’s dependence on budgetary support over the medium-term in preference for mobilizing resources from the capital markets recognizing that the former is not sustainable. The resort to financial markets will enable the government to finance high-priority capital investments, through non-concessional sources, and Public-Private-Partnership (PPP) arrangements. Contributing to addressing this challenge, the project will support the following outputs: (i) trained staff in resource mobilization, monitoring and evaluation; and (ii) technical assistance support provided to the MoFEA; and (iii) capacity building of the Policy Analysis Department of the MoFEA.

2.2.15 The Project’s main inputs under this category include training, provision of technical assistance, IT and office equipment (Technical Annex V).

### **2.3 Technical Solution Retained and other Alternatives Explored**

2.3.1 The first phase of the Institutional Support Project was managed separately from the donor-harmonized basket funding modality in which all donors pooled their funds in support of the PFMRP. While the rationale and motivation to join the harmonized framework in the second phase is attractive, there are concerns as to the effectiveness of the basket fund.

Table 2.2 highlights the issue and the assessment of the different options in managing the project funds. The proposed project will be managed through the special account mechanism.

**Table 2.2: project alternatives considered and reasons for rejection**

Alternative Option	Brief description	Reasons for rejection
Basket funding	The Government and the DPs established a <i>Basket Fund</i> arrangement to pool all resources directed to support the PFMRP. The Basket Fund arrangement was meant to enable the Government to have flexibility in the implementation of the PFMRP. The appraisal team discussed the basket fund modality with both government and the DPs in order to gauge the utility of this modality. The appraisal team decided to retain project funding.	(i) The <i>PFMRP Independent Evaluation Report</i> (1.3.1) partly attributed shortage of funding and slow rate of disbursement to the Basket Funding arrangement, in view of disagreement between GoT and DPs on the priorities of expenditures. (ii) In consultation with DPs in the field the general reaction was in favour of following the Special Account arrangement since the basket fund mechanism has resulted in substantial amounts of funds being locked in the account because of lack of clear understanding between government and DP on priorities of the PFMRP components. Out of the basket funds allocated for 2008/09, only 61 percent has actually been released (1.4). The Special Account arrangement will enable the Fund to assess the impact on specific components and will enable attribution of achievements/failures to the Fund.

## **2.4 Project Type: Public Investment Project.**

## **2.5 Project Cost and Financing Arrangements**

2.5.1 The total project costs are estimated at UA 5.46 million, based on May 2010 prices, and distributed to Tanzania Mainland and Zanzibar of the amounts UA 4.31 million and UA 1.15 million respectively. Project costs (Annex III) are expressed in Tanzanian Shillings (TSH) and converted into UA at the exchange rate applicable for the month of May 2010 (1 UA = TZS 2032.52). Price escalation of 10% has been calculated based on the projected inflation rate over the three years of project implementation (2011-2013).

2.5.2 The project will be financed jointly by an ADF loan not exceeding UA 5.2 million and Government contribution, amounting to UA 0.26 million (5% of the ADF loan, as depicted in table 2.4 below. The contribution by Tanzania Mainland and Zanzibar is 5% of their respective shares indicated in (2.5.1) above. The government contribution will finance mainly the local costs of the PCU. Government's actual financial costs are actually much higher than budgeted, as they do include imputed overhead costs pertaining to office space and other operating costs. The ADF commitment will cover 100 percent of all foreign exchange costs and over 91 percent of local costs. Government will finance the remaining 9 percent of the local costs. The ADF will contribute to financing training, IT and office equipment and technical assistance. Lessons from past interventions in Tanzania and elsewhere suggest the need to combine training, equipping and technical assistance support interactively in order to attain the most positive impact. Technical Annex VI presents the project cost estimates.

**Table 2.3: Project cost estimates by component (million UA)**

Components	Foreign Exchange Costs	Local Exchange Costs	Total Costs	Percent Foreign Exchange
A. Budget Credibility and Transparency	1.409	2.498	3.907	36%
B. Economic Management	0.659	0.118	0.777	84%
Project Coordination Unit	0.000	0.230	0.230	0%
<b>Total base cost</b>	<b>2.068</b>	<b>2.846</b>	<b>4.914</b>	<b>42%</b>
Physical and Price Contingency	0.157	0.389	0.546	29%
<b>Total project cost</b>	<b>2.225</b>	<b>3.235</b>	<b>5.460</b>	<b>41%</b>

Note: Exchange rates are provided in the introduction of this report.

**Table 2.4: Sources of financing (million UA)**

Sources of financing	Foreign Exchange Costs	Local Exchange Costs	Total Costs	Percent of Total Costs
ADF Loan	2.225	2.975	5.200	95%
Government of Tanzania	00	0.260	0.260	5%
<b>Total project cost</b>	<b>2.225</b>	<b>3.235</b>	<b>5.460</b>	<b>100%</b>

**Table 2.5: Project cost by category of expenditure (million UA)**

Categories of expenditure	Foreign Exchange Costs	Local Currency Costs	Total Costs	Percentage Foreign Cost
Services	2.291	1.350	3.641	63%
Goods	0.909	0.134	1.043	87%
Operating Costs (PCU)	0.000	0.233	0.230	0%
<b>Total base cost</b>	<b>3.200</b>	<b>1.717</b>	<b>4.914</b>	<b>65%</b>
Physical and Price Contingency	0.363	0.177	0.546	66%
<b>Total project cost</b>	<b>3.563</b>	<b>1.891</b>	<b>5.460</b>	<b>65%</b>

**Table 2.6: Source of Funds by Category of Expenditure (million UA)**

	Categories of Expenditure			Total Costs
	Goods	Services	Operating Costs	
ADF Loan	1.045	3.636	00	4.681
Government's Contribution	00	00	0.233	0.233
<b>Total Base Cost</b>	<b>1.045</b>	<b>3.636</b>	<b>0.233</b>	<b>4.914</b>
Physical & Price Contingencies	0.115	0.404	0.027	0.546
<b>Total Project Cost</b>	<b>1.160</b>	<b>4.040</b>	<b>0.260</b>	<b>5.460</b>

**Table 2.7: Expenditure schedule by component (UA million)**

Components	Total	2011	2012	2013
A. Budget Credibility and Transparency	3.907	1.934	1.318	0.655
B. Economic Management	0.777	0.500	0.154	0.123
Project Coordination Unit	0.230	0.085	0.074	0.071
<b>Total base cost</b>	<b>4.914</b>	<b>2.519</b>	<b>1.546</b>	<b>0.849</b>

## 2.6 Project's Beneficiaries

2.6.1 The direct project beneficiaries in the Tanzania Mainland MoFEA include the PFMRP Secretariat in MoFEA, the External Finance Department, Policy Analysis Department, the Budget Department and the Treasury (Internal Audit Office). Tanzania Mainland beneficiaries also include the PPRA, NAO PCCB, and the National Assembly, as well as related procurement and public finance entities in local governments. In Zanzibar the beneficiary agencies include the following departments and offices within the MoFEA: External Finance, Economic Management and Budgeting, Zanzibar Planning Commission; Department of Stock Verification and Public Investment (Public Procurement Division and the Registrar General's Office (RGO). The Zanzibar beneficiaries also include Office of the Controller and Auditor General (OCAG), The Zanzibar Institute of Financial Administration (ZIFA), the House of Representatives, Director of Public Prosecution (DPP), and the Attorney General and the Judiciary.

2.6.2 Ultimately the entire population is expected to benefit from the project. The project through capacity building in central and local government financial institutions is designed to improve financial transparency and accountability and result in improved value for money in public procurement, auditing and overall management of the economy. The benefits of the project are expected to reach the rural population, as most of the project resources will be directed to improving transparency and accountability at the local government levels. Business men would benefit from the improvement in business environment and the population will also benefit from the financial safety measures against corruption in public administration. Benefits will also accrue to the female population as a result of the project capacity building in streamlining the national budget to incorporate gender issues. Finally Business and contractors will also benefit from a more transparent and competitive public procurement system.

## 2.7 Participatory Process for Project Identification, Design and Implementation

2.7.1 The proposed project was conceived following a prolonged consultative process, which culminated with the *Consultative Annual National Policy Dialogue Meeting (19-25 November 2009)*. The meeting was attended by stakeholders representing government, development partners, private sector, and national and international civil organizations. The meeting discussed performance indicators of MKUKUTA/MKUZA/PER, and in particular outputs under the *Joint Performance Assessment Framework (PAF)*. The 2009 Consultative Meeting was informed by specific studies on substantive issues and outputs produced by these studies, including reports and studies relating to the *Public Financial Management Reform Program*. The participatory process was facilitated by active participation of the Bank's field office (TZFO) in the Thematic Cluster Working Groups, including the Steering

Committee of the PFMRP. Other stakeholders including relevant CSOs engaged with the public financial management process provided key inputs in the design of the project. This informed the design of the project in providing for training on procurement and participatory auditing to CSOs.

2.7.2 The Bank in the course of its preparation and appraisal of the project, met with NGOs dealing with gender issues and the budget. The NGOs suggested that the proposed ADF project should set aside funds for capacity building within the MoFEA on streamlining the preparation of the national budget to reflect gender needs. The proposed project has therefore, provided for short-term courses in gender budgeting for staff of MoFEA and other MDAs.

## **2.8 Bank Group Experience, Lessons Reflected in Project Design**

2.8.1 The following lessons were mainly derived from PCRs related to the proposed project, mainly the two PCRs related the first *Institutional Support Project for Good Governance* (1.1.9) and, partly, to the *Poverty Reduction Strategy Loan III* (1.1.6). The following lessons were also drawn from the 2009 Joint ADB-World Bank *Country Portfolio Performance Review* and from the Bank's operational experience in implementing the first phase of the ISPGG.

- (i) One of the main lessons learned is to focus the project on areas where the Bank has developed a niche, such as public procurement. Over 50 percent of the project resources are directed to public procurement, in which the Bank has established a track record. Project design has also synergic links to the Bank's operations in the country. In its support to the MoFEA, the project has made provisions to build capacity in the External Finance Division, which oversees the ADB portfolio. The proposed project has also learned from similar projects by linking the project outputs to the Bank's strategy and operations in the country. As the roads sector is Bank's focus, the project has made provisions for providing specialized training for NAO in audit of the roads sector and undertaking performance audits within the sector. The project has similarly made provisions for the PCCB to undertake a diagnostic survey of corruption in the roads sector.
- (ii) A lesson learned from the first phase is to exclude civil works in institutional support projects and focus only on building human, institutional and policy capacity.
- (iii) The need for harmonization of procedures has been a major consideration in designing the project. Project implementation has been assigned to existing government institutions rather than creating parallel structure. However, one area where harmonization has not been successful is in the area of disbursement procedures. The experience of establishing a *basket fund* by bilateral DPs has delayed progress in the implementation of the PFMRP (2.3). Some DPs have indeed recommended the ADB not to channel the proposed project resources through the basket fund.
- (iv) Project implementation has been simplified by avoiding conditions, which may jeopardize delay in implementation. The project implementation schedule provides for an early launching mission, immediately following approval by the ADF Board of Directors. Supervision missions and mid-term review assessment are also scheduled evenly during the implementation period to ensure early resolution of outstanding problems and smooth progress in implementation.

## 2.9 Key Performance Indicators

### Budget Credibility and Transparency

2.9.1 Appropriate performance indicators are presented in the Results-Based Logical Framework Matrix. The outcome indicators in audit are: (i) PEFA indicator (PI-26) rating on “*scope nature and follow-up of external scrutiny and audit*” to improve from “C” in 2008 to “B” by 2013; (ii) NAO AFROSAI-E rating improves from the current level I to level III by 2013 and (iii) the proportion of unqualified opinion on government audited accounts to improve from 86 percent in 2008/09 to at least 95 percent by 2013. These outcomes are within the overall context of the PFM RP. The outcome indicator for procurement is to improve the procurement compliance rate from 50 % in 2008/09 to 80% by 2012/13.

### Economic Management

2.9.2 The indicators are: (i) expenditure outturn deviation to decline from 13.1 percent to less than 11 percent by 2013; (ii) The ranking for “contract enforcement” under the World Bank *Doing Business Index* improves from 31 to 29 position by 2013; (iii) reduced reliance on budget support from 32 percent in 2009 to 25 percent by 2013.

## III – Environmental and Social Impacts

3.1.1 Environment: The project is classified as category III in the Bank’s environmental categorization system, as it is focused on human capacity development and technical and institutional support. The project will utilize existing facilities and does not involve any direct physical infrastructure investments. It therefore does not necessitate environmental and social mitigation measures. Its support to the NAO will contribute positively to the environment, as funds are allocated to train NAO staff in undertaking environmental audits.

3.1.2 Gender: The project is expected to benefit women as they are estimated to account for over 20% of the professional staff engaged in procurement and accountancy. Thus female staff in the PPRA, NAO and PCCB will benefit from the trainings. To ensure that the desired 20% coverage is achieved, nominations for trainings must include women. The project will provide trainings in gender-based auditing, which will help create awareness and build capacity for gender-focused post audits to ensure compliance. The project has made specific allocations for workshops to benefit the oversight committees in the National Assembly in Zanzibar, which includes the *Women in Development and Social Works Committee*. By ensuring that the Women in Development Committee of Parliament benefits from training in the national budgeting process, it is expected that gender issues will be mainstreamed in public budget formulation. Training in the Ministries of Finance in both Tanzania Mainland and Zanzibar will also benefit female employees.

3.1.3 Social: The proposed project through the envisaged capacity building of the integrity of public financial management institutions has the potential of generating substantial social benefits over the medium-term. Support in the area of public procurement and financial accountability will reduce the social cost on the population in general. The Bank’s funding of the *Diagnostic Survey on Corruption in the Roads* Infrastructure and the training provided in assets tracking and recovery will also result in social benefits, as savings resulting from effective public financial management can be utilized for social sector spending in health and education. The project has similarly made allocations for capacity building in performance

audit and in roads infrastructure audit, which involves assessing the environmental impact (2.8.1) of such projects. This is expected to enhance service delivery, while reducing the social cost of environmental impact.

## **IV – Implementation**

### **4.1 Implementation Arrangements**

4.1.1 Project Executing Agency: The Ministry of Finance and Economic Affairs in Dar-es-Salaam will be designated as the project executing agency, as the loan beneficiary is the United Republic of Tanzania.

4.1.2 Project Steering Committees: The overall implementation of the **Tanzania Mainland** component will be done under the overall supervision and guidance of a Project Steering Committee (PSC) under the chairmanship of the Chief Executive Officer (CEO) of the Public Procurement Regulatory Authority (PPRA). Membership of the Mainland steering committee will include representatives of each beneficiary agency, i.e. Ministry of Finance and Economic Affairs (MoFEA), National Audit Office (NAO) and the Prevention and Combating Corruption Bureau (PCCB). The PSC is expected to meet at least quarterly to appraise overall progress in implementation and take decisions to resolve any outstanding issues. A Project Coordination Unit (PCU) will be designated by the CEO from the existing staff of the PPRA. The PCU will be headed by a procurement specialist as a project coordinator, assisted by a project accountant, clerk and a secretary. The PCU will coordinate and be in charge of managing day-to-day project tasks for each beneficiary agency, related to procurement, contract supervision, monitoring and reporting on project implementation.

4.1.3 A similar institutional arrangement for the implementation of the **Zanzibar** component will be instituted. A Project Steering Committee under the chairmanship of the MoFEA Principal Secretary will be established. Membership of the PSC will include representatives of the beneficiary agencies, i.e. Office of the Controller and Auditor General (OCAG), MoFEA, Zanzibar Institute for Financial Administration (ZIFA), Director of Public Prosecution (DPP), the Judiciary, the Attorney General's Office, and the Clerk of the House of Representatives. The PSC will meet quarterly to appraise the overall progress in project implementation and take decisions to resolve any outstanding issues. A Project Coordination Unit will be designated by the Permanent Secretary of the MoFEA from existing staff of his ministry. The PCU will be headed by a procurement specialist as a project coordinator, a project accountant, clerk and an office assistant and will coordinate and be in charge of managing day-to-day project tasks for each beneficiary agency, related to procurement, contract supervision, monitoring and reporting on project implementation. The CVs of proposed PCU coordinators and accountants, indicating their professional qualification and experiences will be approved by the Bank prior to confirmation of their nomination.

4.1.4 **Procurement Arrangements:** Procurement of goods and services financed by the Bank will be in accordance with the Bank’s Rules and Procedures for the Procurement of Goods and Works or as appropriate, Rules and Procedures for the Use of Consultants, using the relevant Bank Standard Bidding Documents. The two PCUs as described in paragraph 4.1.2 and 4.1.3 will be responsible for the procurement of goods consulting services, training arrangements and miscellaneous operating items. The following table 4.1 presents the summary project procurement arrangements, details of which are presented under Tables 4.1(a) and 4.1(b) for Tanzania Mainland and Zanzibar in Technical Annex VIII.

**Table 4.1 : Summary of Procurement Arrangements (UA Million)**

Category	ICB	NCB	Shortlist	Other	Total
1. Goods					
1.1 Computers, IT and Office furniture		0.893 (0.893)			0.893 (0.893)
1.2 Six 4-D Vehicles		0.266 (0.266)			0.266 (0.266)
2. Services					
2.1 Workshops and Training				1.638 (1.638)	1.638 (1.638)
2.2 Technical Assistance/Consultancy: includes Auditing fees of UA 36,000 (Mainland) and UA 36,000 (Zanzibar)			2.408 (2.408)		2.408 (2.408)
3. Operating Costs				0.255	0.255
<b>Total Project Cost</b>		<b>1.159 (1.159)</b>	<b>2.408 (2.408)</b>	<b>(1.638) 0.255</b>	<b>5.460</b>

<sup>1</sup>Shortlist applies to the acquisition of consulting services. Others may be National Shopping, Direct Purchase or direct negotiations.

2. Figures between brackets are through ADF funding.

4.1.5 **Goods:** Contracts for goods covering Office Equipment, Vehicles and MIS Equipment totalling UA 1.159 million and valued above UA 20,000 and less than UA 100,000 per contract will be procured through National Competitive Bidding procedures. Contracts for goods valued below UA 20,000, characterized as miscellaneous, will be procured through Shopping. The Advertisement Notice to be published in United Nations Development Business (UNDB) and local press will have to be approved by the ADF. International Competitive bidding (ICB) is not foreseen because the lots to be procured are less than UA 100,000, and the goods are locally available.

4.1.6 **Consultancy Service:** Acquisition of consultancy services totalling UA 2.408 million will be undertaken in accordance with the Bank’s *Rules of Procedures for the Use of Consultants (2008)*, utilizing individual consultants or firms. In cases where the amount of the consultancy contract does not exceed UA 100,000 the Government may limit the publication of the invitation to bid to national or regional newspapers. However, any eligible individual consultant, whether regional or not, may express the desire to be short-listed.

4.1.7 For the audit of the project, the services of an auditing firm will be acquired through a short list of qualified auditing firms in accordance with the ADB rules. The selection procedure will be based on comparability of technical proposals and Least Cost Selection Method.

4.1.8 Short and Long Term Training: Procurement of various local and external staff training, valued at UA 1.638 million, will be contracted to appropriate institutions, trainers, or service providers, acceptable to the Bank, through Quality and Costs Based Selection, Consultant's Qualifications and Single Source in accordance with *Bank' Group's Rules of Procedures for the Use of Consultants (2008)*.

4.1.9 General Procurement Notice: The text of the General Procurement Notice (GPN) will be agreed with the Government and will be issued in the United Nations Development Business upon approval of the project by the Board of Directors.

4.1.10 Disbursement Arrangements: Disbursement will be in accordance with the Bank Group's Rules of Procedure for Disbursement (January 2007). The Executing Agency will open two convertible foreign exchange accounts, one for the Tanzania Mainland Component and the other for the Zanzibar Component, in a bank acceptable to the ADF. The loan resources required to meet the ADF's share will be deposited in the special accounts and will be operated as a revolving fund. The ADF will replenish the special accounts at the request of the Executing Agency, after sufficient justification for the use of at least 50% of the previous deposit has been provided. Direct Payment Method will be used where large disbursements are involved, in line with the Fund's disbursement procedures.

4.1.11 Financial Reporting and Auditing: The project coordinators will keep accounts for their respective components of the project in accordance with sound and acceptable accounting practices. The accounts kept should allow identification of expenditures by component, category and source of finance. Throughout the implementation period, the Executing Agency will be required to submit to the Fund annual external audit reports covering the project's operations in the previous year. An independent external auditor, precluding the NAO as beneficiary to the project, acceptable to the Fund shall carry out the audit. The PCU should make available to the selected auditor a copy of the *Bank Group's Guidelines for Auditing Projects*. The annual audit report and the accompanying financial statements, including bank statements and statement of expenditure, will be submitted to the ADF for review no later than six months after the closure of the financial year (Refer to Technical Annex VII)

## 4.2 Monitoring

4.2.1 The project will be implemented over a period of 36 months, following its effectiveness by the end of 2010.

**Table 4.2: Project Implementation Schedule**

Timeframe	Milestone	Monitoring process/feedback loop
September 2010	Board presentation	Fund
October 2010	Signing of the ADF Loan Agreement	Fund and Government of Tanzania (GoT)
October 2010	Establishment of the PCUs	GoT
December 2010	Loan effectiveness/Launching Mission	TZFO and Fund headquarters
June 2011	Project supervision (thereafter every six months)	TZFO and Fund alternatively
June 2012	Submission of First Audit Report	PCU

June 2012	Mid-term Report	TZFO and Fund headquarters
June 2013	Submission of Second Audit Report	PCU
March 2014	Submission of Project Completion Report	Executing Agency
June 2014	Preparation of Bank's PCR/Final audit	TZFO and Fund headquarters.

### 4.3 Governance

4.3.1 Financial management will be carried out by the Project Coordination Unit (PCU) under the supervision of the Chief Executive Officer (CEO) of the PPRA for the Tanzania Mainland component and under the MoFEA Principal Secretary for the Zanzibar component. A Steering Committee for the Tanzania Mainland component would be established under CEO of the PPRA, comprising representatives of the beneficiaries and a similar Steering Committee will be established under the Principal Secretary of Finance for the Zanzibar component. The PCU will also prepare a manual of administrative, financial and accounting procedures. Accounting records will be kept presenting project expenditure by component, category and source of finance. The project accounts will be audited annually by an external accountant acceptable to the Fund. The NAO is excluded from qualifying to audit the project since it is itself a beneficiary to the project, which poses a problem of conflict of interest.

### 4.4 Sustainability

4.4.1 The project will finance certain aspects, which will ensure the sustainability of certain outputs, such as the development of reference manuals. Three manuals will be developed including one on the prevention and investigation of procurement corruption allegations, for business registration (RGO in Zanzibar); and for monitoring and evaluating the PFM program. In addition to manuals, sustainability is also addressed through the creation of a training module for the PPRA, which will identify relevant areas of training to be provided internally on a sustainable basis.

4.4.2 In terms of cost sustainability, the project is consistent with the principles of Paris Declaration on aid effectiveness, as its implementation does not involve the creation of new institutions or hiring of additional staff, which will add to the budget burden.

### 4.5 Risk Management

**Table 4.3: Potential Risk and Mitigating Measures**

Potential Risks	Mitigating Measures
1. General elections are scheduled for October 2010 in both Tanzania Mainland and Zanzibar. Elections may lead to political instability, or a change in government may lead to weaker commitment to the policy reform agenda.	1. Though the risk of unrest and subsequent instability associated with elections is a potential risk, Tanzania since independence has been able to solve the problems of the union peacefully. The track-record of general elections over the last two decades has been, overall satisfactory. To ensure that the elections are conducted fairly and in a peaceful environment, international and regional observers are allowed to be present and monitor the elections.
2. There is a risk that the project's counterpart funds are not made readily available.	2. Government's counterpart funds have been kept at a minimum (5% of the total costs) so as to relieve the burden on government's budget. This risk is further mitigated by making it a condition that the Tanzania Mainland and Zanzibar governments, each open a special account, which will receive the local counterpart funds. Replenishment of the Special accounts by the ADF will be undertaken only when the local counterpart fund accounts have adequate funding.

3. Government failing to launch an appropriate PFMRP in time and not taking action in strengthening the PFMRP Secretariat In the MoFEA.	3. The Government has confirmed that it will design a prioritized Phase IV of the PFMRP (1.2.1). The project has provided funds for the strengthening of the PFMRP Secretariat, including a 6 p/m of technical assistance to render advice on the PFMRP and provide on the job training.
4. Implementation of the PFMRP program may stall because of the \$ 220 million cut announced by the DPs in May 2010.	4. The Government started to mobilize international and domestic resources so as to maintain its development program on track. The risk of ISPGG II being affected by the cuts is minimal as the draft 2010/2011 budget already includes allocations for related works financed by the project.
5. Implementation of the PFMRP being stalled because of lack of agreement with DPs on the modalities of managing the “Basket Fund” (2.3).	5. To by-pass the problems of the Basket Fund, the project resources will be channelled through the special account(s) mechanism. Though the project is an inherent part of the PFMRP, yet its components are discreet and are not likely to be affected by freezing of the basket funds.
6. Risk of high turn-over of trained staff	6. Government is undertaking civil service pay reform aimed at improving terms and conditions of employees. Trained staffs are, as matter of policy, bonded.

## 4.6 Knowledge Building

4.6.1 The project will enhance the knowledge of staff in financial integrity and accountability institutions in both Tanzania Mainland and Zanzibar (2.6). Knowledge building will be through academic and professional training and through the dissemination of legislations and procedures among the staff of the beneficiary agencies. The project will also build knowledge through the support of two training institutions in Zanzibar, i.e. the Zanzibar Institute of Financial Administration and the Law Resource Centre within the office of the Directorate of Public Prosecution.

4.6.2 The ADB will also benefit by carving a niche in two critical areas in public finance management; i.e. public audit and public procurement. The ADB has already implemented several projects in these two areas and proposed project will broaden the experience gained in these two areas.

## V – Legal Instruments and Authority

### 5.1 Legal Instrument

5.1.1 An ADF Loan to the United Republic of Tanzania will be used to finance this project.

### 5.2 Conditions Associated with Bank’s Intervention

#### A. Conditions Precedent to Entry into Force of the Loan Agreement

The entry into force of the Loan Agreement shall be subject to the fulfilment by the Beneficiary of the applicable provisions of section 12.01 of the *General Conditions Applicable to Loan Agreements and Guarantee Agreement of the African Development Fund*.

## B. Conditions Precedent to First Disbursement

- (i) Designate two Project Coordination Units, one in Tanzania Mainland and another in Zanzibar (*Evidenced by separate letters from Mainland (PPRA) and Zanzibar (MoFEA) ;*
- (ii) Open a local currency special account and a foreign currency special account at the Bank of Tanzania for Tanzania Mainland. For Zanzibar, similar accounts will be opened at the Bank of Tanzania, Zanzibar Branch, where the revolving funds will be maintained (4.1.10). (*Evidenced by two letters from Mainland PPRA and Zanzibar MoFEA indicating that the said accounts have been opened with the account numbers shown*)
- (iii) Submission of an 18-month procurement plan by the Executing Agency for each of the Tanzania Mainland and Zanzibar (4.1.4)

### **5.3 Compliance with Bank Policies**

- ( i ) This project complies with all applicable Bank policies.

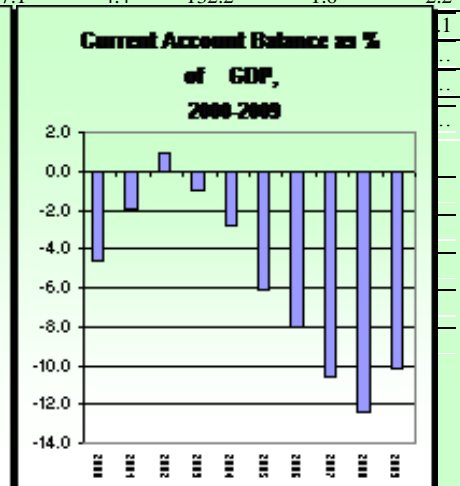
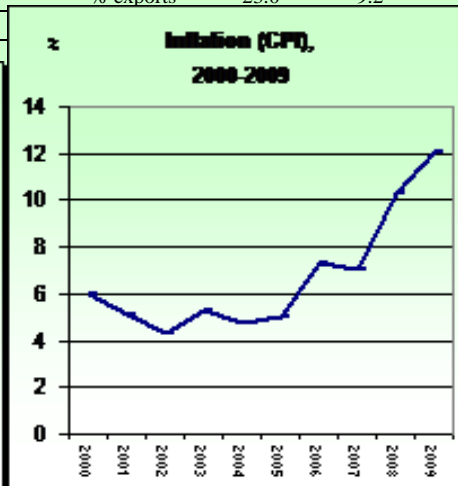
## **VI – Recommendation**

Management recommends that the Board of Directors approve the proposed loan of UA 5.2 million to the Government of United Republic of Tanzania for the intended purposes and subject to the conditions stipulated in this report.

## TANZANIA: SELECTED MACROECONOMIC INDICATORS

1

Indicators	Unit	2000	2004	2005	2006	2007	2008	2009
<b>National Accounts</b>								
GNI at Current Prices	Million US \$	8,942	11,564	13,382	14,518	15,934	18,350	...
GNI per Capita	US\$	260	310	350	370	400	440	...
GDP at Current Prices	Million US \$	10,185.8	12,825.9	14,142.0	14,331.2	16,825.5	20,715.1	20 532.8
GDP at 2000 Constant prices	Million US \$	10,185.8	13,306.8	14,287.5	15,273.3	16,311.9	17,535.3	18 507.9
Real GDP Growth Rate	%	17.9	7.6	7.4	6.9	6.8	7.5	5.5
Real per Capita GDP Growth Rate	%	15.0	4.8	4.5	4.0	3.8	4.5	2.6
Gross Domestic Investment	% GDP	16.8	22.6	25.1	27.6	29.6	29.8	28.2
Public Investment	% GDP	5.7	8.5	8.4	7.9	7.8	7.6	7.5
Private Investment	% GDP	11.2	14.0	16.7	19.7	21.8	22.2	20.7
<b>Prices and Money</b>								
Inflation (CPI)	%	6.0	4.7	5.0	7.3	7.0	10.3	12.1
Exchange Rate (Annual Average)	local currency /us \$	800.4	1,089.3	1,128.9	1,251.9	1,245.0	1,196.3	1,326.4
Monetary Growth (M2)	%	14.8	13.5	34.8	21.5	20.5	19.8	12.0
<b>Government Finance</b>								
Total Revenue and Grants	% GDP	13.8	15.0	18.5	17.9	19.0	22.8	21.6
Total Expenditure and Net Lending	% GDP	15.2	19.3	21.7	21.3	22.2	22.8	24.2
Overall Deficit (-) / Surplus (+)	% GDP	-1.4	-4.3	-3.2	-3.4	-3.2	0.0	-2.7
<b>External Sector</b>								
Exports Volume Growth (Goods)	%	27.5	17.8	17.7	2.5	-6.6	6.2	4.3
Imports Volume Growth (Goods)	%	-3.0	9.5	9.0	3.7	19.2	13.3	-0.2
Terms of Trade Growth	%	-3.8	-12.2	-13.1	-10.4	17.8	9.0	0.6
Current Account Balance	Million US \$	-469.6	-365.9	-862.8	-1,143.2	-1,783.1	-2,571.2	-2,084.5
Current Account Balance	% GDP	-4.6	-2.9	-6.1	-8.0	-10.6	-12.4	-10.2
External Reserves	months of imports	4.3	5.9	4.5	3.9	3.9	3.1	3.5
<b>Debt and Financial Flows</b>								
Debt Service	% exports	23.0	9.2	7.1	4.4	132.2	1.6	2.2
<b>External Debt</b>								
<b>Net Total External Flows</b>								



<sup>1</sup> ADB Statistics Department; IMF: World Economic Outlook, September 2009, and International Financial Statistics, Feb. 2010. ADB Statistics Department: Development Data Platform Database, March 2010. United Nations: OECD Reporting System Division, January 2009.

## Annex I: Tanzania Selected Macroeconomic Indicators

1

### Annex II: Tanzania Country Portfolio (June 2010)

Project	Date Approved	Loan/Grant Amount (UA million)	Amount Disbursed (UA million)	% Disbursed
Agricultural Marketing Systems Dev. Programme	18/09/2002	Loan: 15.90	15.68	98.59
		Grant: 1.00 Total: 16.90	0.99	99.05
District Agricultural Sector Investment Project	24/11/2004	Loan: 36.00	12.30	34.16
		Grant: 7.00 Total: 43.00	4.22	60.28
Agricultural Sector Dev. Programme-Phase I	05/09/2007	Loan: 40.00	21.08	52.69
Roads Rehabilitation and Upgrading Project*	03/09/2001	Loan: 38.65	15.57	40.28
Zanzibar Roads Upgrading Project	9/06/2004	Loan: 16.22	7.41	45.69
		Grant: 0.71 Total: 16.93	0.25	35.59
Singida-Babati-Minjingu Road Upgrading Project	17/11/2007	Loan: 60.00	4.08	6.80
Dar-es-Salaam Water and Sanitation Programme	17/12/2001	Loan: 36.94	22.47	60.83
		Grant: 1.31 Total: 38.25	1.17	89.16
Rural Water Supply and Sanitation Programme	13/09/2006	Loan: 45.00	26.69	59.31
		Grant: 10.00 Total: 55.00	10.00	100
Moduli Rural Water Supply and Sanitation	27/11/2003	Grant: 15.51	11.93	76.89
Electricity V Project	14/12/2007	Loan: 28.68	-	-
		Grant: 1.32 Total: 30.00	-	-
Zanzibar Water Supply and Sanitation Project	11/11/2008	Loan: 25.00	-	-
SAP for Vocational Ed & Training	09/07/2003	Loan: 14.22	6.82	47.97
		Grant: 1.60 Total: 15.82	0.50	31.33

Support for Maternal Mortality Reduction Project	11/10/2006	Loan: 40.00	4.59	11.46
Support to Secondary Education Dev. Plan	05/09/2007	Loan: 20.00	9.75	48.77

**Multinational Projects**

Arusha-Namanga Road Project	18/12/2006	Loan: 49.24 Grant: 3.50 Total: 52.29	10.72 -	21.76 -
East Africa Transport and Trade Facilitation	29/11/2006	Grant: 9.20	0.29	0.03
Isaka-Kigali Railway Feasibility Study	20/10/2004	Grant: 9.20	-	-
L Tgyika Int. Support.	09/12/2004	Grant: 4.96	0.18	3.62
Equity Investment in Access Bank of Tanzania	18/12/2006	Loan: 0.60	-	-

\* Government has in principle indicated to cancel the loan balance

### Annex III

#### Tanzania: Institutional Support Project for Good Governance II Key Related Programs

<b>Modality/Area of Support</b>	<b>Main Development Partners Support</b>
<b><u>Budget Support</u></b>	<p><b><u>Budget Support 2009/2011</u></b> Estimated commitments (TZS 1,088,301 million. Figures in brackets represent percentage share.</p> <p>AfDB (7.8%), Canada (2.4%), Denmark (2.4%), European Commission (8.1%), Finland (2.3%), Ireland (2.5%), Japan (2.3%), Germany (i.8%), Netherlands (5.0%), Norway (5.8%), Sweden (8.3%), Switzerland (0.7%), United Kingdom (26.3%), World Bank (23.7%).</p>
<b><u>Support to PFMRP</u></b>	
Public Procurement	AfDB and DFID
National Anti-Corruption Strategy Action Plan (NASCAP)	AfDB, Canada, Denmark, Norway, DFID, UNDP, USA, JICA and World Bank.,
Public Audit	AfDB, DFID, World Bank.
Integrated Financial Management Information System	World Bank, DFID.
<b><u>Economic Management</u></b>	
Economic Policy Analysis Macroeconomic forecasting and Budgeting	World Bank, DFID, Denmark, UNDP
Privatization	The World Bank, DFID, Netherlands, SIDA, CIDA



# TECHNICAL ANNEXES

**PROGRESS IN THE IMPLEMENTATION OF the PFMRP III (OUTPUTS) 2008/09 -2010/11**  
**As at December 2009**

PFMRP STRATEGIC PLAN OUTPUT	OUTPUT INDICATORS	EXTENT ACHIEVED
1. Accurate and improved cash forecasting	1.1 Reduction on variance to within 10% of actual cash versus cash budgeted on monthly basis by 2010-06-04  1.2 Percentage increase on domestic revenue.	1.1 Data not available on monthly cash flows; however, while the annual measurement is positive, it is far from the planned output.  1.2 The trend in domestic revenues over the last two years has been positive.
2. Predictable external funding flow	2.1 D.P contribution to General Budget Support (GBS), by 2010, and project funds disbursed increased to at least 70% of commitments compared to 60% by 2010.	2.1 Actual contribution accounted for 40% in 2007/08 and 48% in 2008/09.
3. Improved predictability of resource availability to LGAs.	3.1 Reduction of variance between cash transferred to LGAs and monthly budgeted amounts to within 1% by 2010 and reduction of funding channels to LGAs.	No Information is available.
4. Comprehensive cash management and improved government banking arrangements.	4.1 Reduction in days the balance of Government cash is held by commercial banks on transit to Bank of Tanzania (BOT), revamping and improving cash management between government, BOT and commercial banks.	No information is available as the Cash Management units are monitoring MDAs and Regions daily. LGAs accounts are monitored monthly as they are scattered all over the country. As at the end of June 2008, the number of MDAs, Regions and LGAs accounts was 43,000. Government issued instructions to close 28,000.
5. Strengthen accounting system through IFMIS improvement.	5.1 IFMIS Post implementation evaluation report in place by 2010.  5.2 Number of new LGAs implementing IFMIS and number of professional staff and IFMIS end-users trained on revised IFMIS.	5.1 IFMIS post-implementation review has been completed.  5.2 85 LGAs are connected to IFMS. 5.3 120 MDAs data entry staff have already been trained on IFMIS.
6. Enhanced control over all public investments.	6.1 Percentage increase of Government returns on public investments, increase public access to financial reports on public investments and about 75% of Treasury staff trained in TRIM and related skills.	6.1 Public Enterprise Management Services established.  6.2 Improved capacity through staff training and installation of modern equipment for better working environment and service delivery. 6.3. TRIMS established by 90%.
7. Improved credibility of MTEF	7.1 Variance of actual cash allocated versus the annual budget is not greater than 1% for any single MDA, Region or LGA  7.2 Existence of MTEF reports, based on key performance indicators.	7.1 Quantitative indicators are not available.  7.2 A macroeconomic framework paper was prepared to provide guidance to the budget committee.

8. Internal Audit control system in MDAs/LGAs strengthened.	8.1 Existence of a new audit manual by 2010. 8.2 Number of trained internal auditors by 2010.	8.1 There has been no progress due to non release of basket funds. 8.2 Group training of 157 internal auditors conducted by June 2009. 8.3 Twenty-six internal auditors trained on professional courses (CIA & CISA) by June 2009.
9. Increased compliance to improved financial laws and its regulations.	9.1 Existence of operational financial management manual for MDAs and LGAs by 2010.  9.2 Number of financial laws and regulations revised and up-dated. 9.3 Number of tax appeals and applications registered and determined.	9.1 Review of Public Finance Act 2001 has been tabled for the National Assembly consideration.  9.2 Follow up and ensuring the central government accounting manual and sub-treasury accounting manual are followed and adhered.
10. Decentralized payroll processing and pension administration.	10.1 Existence of an up-dated LAWSON payroll system by 2010.  10.2 Number of MDAs operating payroll system by 2010 10.3 Comprehensive pensioner's data transferred to their respective pension funds by 2010. 10.4 Establishment of a functional government wage bill management system by 2010.	10.1 The LAWSON system rolled out to 20 MDAs  10.2 Trained 136 staff and 80 MoFEA staff in basic IT skills on oracle database management. 10.2 Established a hot site and disaster recovery backup centre in 2007/08.
11. Improved procurement operations in MDAs and LGAs.	11.1 Existence of procurement training policy framework, tools and resources by 2010.  11.2 Number of procurement staff trained annually. 11.3 Proportion of MDAs and LGAs staff complying with public procurement acts, rules and regulations by 2010.	11.1 PPRA established and procurement cadre trained.  11.2 Rate of compliance to reach 80% by 2013.
12. Government Budget Structure reviewed and simplified for reporting.	12.1 Existence of a summary of annual government budget linked to MKUKUTA goals and objectives by 2010.  12.2 Government budget compliance with GFS 2001 by 2010 and comprehensive and simplified MTEF document.	12.1 The charts of accounts have been upgraded from that of 1986 series to newly adopted economic classification on GFS 2001 series, fostering compliance to IMF standards.  12.2 Reviewed GFS 1986 version, prepared a bridge table and training manual that enabled successful migration to the GFS 2001 series.
13. Improved linkages between policies, priorities versus resource allocation.	13.1 This output will be delivered by the Policy and Analysis Division in collaboration with Budget Division of the MoFEA. Key performance indicators included predictable Medium-term resources inflow into government by 2010.	13.1 Established a Medium Term Public Investment Plan to realign and refocuses the development agenda in terms of government priority areas.  13.2 Updated the national debt strategy. 13.3 Carried out debt sustainability analysis 13.4 Prepared a medium-term Public Investment Plan

	<p>13.2 Scenario analysis modality for funding government budget operational and functional by 2010.</p> <p>13.3 consultative review reports on planning, budgeting, public expenditure &amp; debt strategy updated and implemented by 2010.</p>	<p>13.4 Prepared a macroeconomic framework paper</p> <p>13.5 Gender budgeting expert to be recruited.</p>
<p>14. Improved tracking, monitoring and value for money auditing of public expenditure.</p>	<p>14.1 Number of officers trained.</p> <p>14.2 existence of annual reports on expenditure tracking surveys and physical inspection of development projects</p> <p>14.3 Existence of periodical impact studies on expenditure and existence of periodical technical audit reports.</p>	<p>14.1 Established a fully fledged monitoring and expenditure tracking section to undertake physical inspection across development projects to ensure value for money.</p> <p>14.2 Facilitated training of 10 MDAs and LGAs on new performance monitoring and evaluation and reporting covering performance indicators to improve quality of outcome performance reporting.</p>
<p>15. Improved linkages between SBAS, IFMS, Plan Rep to facilitate planning and reporting for MDAs and LGAs.</p>	<p>15.1 Integration at output level among planning reporting tools; system to be in place by 2010</p> <p>15.2 Number of budget officers from MDAs, regions, and LGAs trained on the harmonized and computerized systems.</p>	<p>15.1 A draft report on harmonization of Plan Rep, SBAS, and RIMKU for further review by stakeholders was produced.</p> <p>15.2 All offices of the sub-treasuries and RAS have been linked to the central IFMS-based server.</p> <p>15.3 Enhanced link between resources and sector policies as well as MKUKUTA priorities and timely production of budget books following upgrade of SBAS.</p> <p>15.4 Training of trainers of Village Executive officers on financial management at lower level government.</p> <p>15.5 Training council accountants.</p>
<p>16. Improved capacity of MDAs, and LGAs in budget performance monitoring, accountability and transparency.</p>	<p>16.1 Number of PFM Focal Persons trained by 2010.</p> <p>16.2 Number of MDAs/LGAs offices equipped with modern tools and timely and accessible financial management report for accountability in MDAs/LGAs.</p>	<p>16.1 A macroeconomic framework paper was prepared to guide budget committees.</p> <p>16.2 MDAs, RS and LGAs were trained on the application of the new GFS.</p> <p>16.2 Training of trainers</p>
<p>17. Strengthened functional capacity of External Audit Services.</p>	<p>17.1 Increase in number of new auditable areas.</p> <p>17.2 Existence of a <i>Training Needs Assistance Report</i> to guide training program by 2010.</p> <p>17.3 Existence of Public Audit Act by 2010.</p>	<p>17.1 Training of NAO in IPASS and computer audit assisted tools that enabled timely production of Government Audited Account FY 2007/08 to the quality at least in compliance with international standards.</p> <p>17.2 Facilitated enactment of the public audit act no. 11 of 2008 that enhances operational independence of the Controller and Accountant General.</p> <p>17.3 Training of NAO staff in IPASS and computer audit assisted tools that enabled timely production of Government Audited Account for 2007/08 to the quality at least in compliance with international standards.</p> <p>17.4 The Government audited accounts submitted on time for the first time in decades.</p>

		<p>17.5 Training of NAO staff on international auditing and accounting standards, i.e. International Standards on Auditing (ISA) International Organization of Supreme Audit Institutions (INTOSAI) standards, International Public Sector Accounting Standards (IPSAS) and International Financial Reporting Standards (IFRS)</p> <p>17.6 Office retooling (vehicles, computers, computer equipment, and fixtures, which simplifies audit work and facilitates issuance of quality Audit reports on time.</p>
18. Improve capacity of parliamentary accounts committees (Public Accounts committee, Local Government Accounts Committee, and Parastatals Accounts.	<p>18.1 Support for the accountability of the committee of parliament.</p> <p>18.2 Support for Tanzania Parliament to finalize its corporate plan.</p>	18.1 Facilitated training to members of parliament to enhance oversight functions, particularly members of the Public Account Committee, and Local Government Accounts Committee.
19. Increased capacity for auditing and accountability for public financial management of Zanzibar through support to the NAO, MoFEA, and the House of Representatives.	<p>19.1 At least 60% of the audit staff can apply IFM standards and IFRS, ISA, and IPSAS in the audit exercise.</p> <p>19.2 Audit report for fiscal year 2011 based on full scope financial compliance value for money and systems audit in accordance with INTOSAI best practice and deliver audit reports by 31 March of every year.</p>	19.1 Information is not available.
20. Improved communication between accountability institutions and citizens and vice versa.	<p>20.1 Preparation of an overall media strategic plan to address the communications needs of PFMRP</p> <p>20.2 Support the publication of PFM issues through the communications unit of MoFEA and by establishing a media unit to ensure that the media program is implemented in an efficient and timely manner.</p>	<p>20.1 Prepared terms of reference for a consultant to develop MoFEA Communication Strategy.</p> <p>20.2 Published and distributed PFMRP III (Modernization of Public Financial Management System) brochures and leaflets in English language.</p>
21. Enhanced capacity of the PFM training institutions.	<p>21.1 Training needs assessment of the MDA supported through PFMRP.</p> <p>21.2 Involvement of the main training providers to design work based solutions that fit the MDA's training needs assessment.</p> <p>21.3 Delivery of training all of which will result in an examination process along with the requisite quality assurance.</p>	21.1 A budget allocation in 2008/09 of TZS 1,280,000,000 was allocated for the PFM training institutions.

<p>22. Enhanced capacity in coordinating implementation of the PFMRP monitoring and evaluation and reporting.</p>	<p>22.1 Existence of a training needs assessment that forms the basis for a comprehensive training program by 2009.</p> <p>22.2 Number of equipped MDA's/LGAs offices</p> <p>22.3 Number of managers trained in charge of management of the Public Financial Management.</p> <p>22.4 Existence of a sound MIS for monitoring and evaluation of PFM reforms by 2010 and percentage on overall program achievement on annual planned targets.</p>	<p>22.1 The 2008/09 budget in the work program indicates the following planned activities:</p> <ul style="list-style-type: none"> <li>- Training of Focal Persons of MDAs/RAs/LGAs on PFM management.</li> <li>- Facilitate National PFM Conference to senior officers of MDAs/RAs/LGAs.</li> <li>- Facilitate consultancies and contract services.</li> <li>- Facilitate M&amp;E/MIS and information communication package.</li> <li>- Facilitate M&amp;E specific diagnostic studies on PFM issues.</li> </ul>
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Source: Information extracted from *Independent 2008/09 Review of the Public Financial Management Reform Program, Tanzania, Final Report, December 2009*

**Technical Annex II**  
**Tanzania: Economic and Governance Indicators**

**ADB CPIA 2008 2009 INDICATORS**

ADB CPIA 2008 2009 Indicators		
	CPIA 2008	CPIA 2009
<b>A. Economic Management</b>		
<b>Macroeconomic Management</b>		
Macroeconomic Management	5.0	5.0
Fiscal Policy	4.0	4.0
Debt Policy	4.5	5.0
<b>Average Economic Management (A)</b>		
<b>B. Structural Policies</b>		
	4.0	4.0
Trade	4.0	4.0
Financial Sector	3.5	3.5
Business regulatory Environment		
<b>Average Structural Policies (B)</b>	4.0	4.0
<b>C. Policy for Social Inclusiveness/Equity</b>		
	3.5	3.5
Gender Equality	4.0	4.0
Equality of public resource use	3.5	4.0
Building Human Resources	3.5	3.5
Social Protection and labour Policy and institutions for environmental sustainability	4.0	4.0
<b>Average Policy for Social inclusiveness/equity (C)</b>	3.8	3.8
<b>D. Public Sector Management and Institutions</b>		
Property Rights and Governance	3.5	3.5
Quality of budgetary and financial Management	4.0	4.0
Efficiency of Revenue Mobilization	4.0	4.0
Quality of Public Administration Transparency, accountability and corruption in public sector	3.5	4.0
<b>Average Public Sector Management and Institutions (D)</b>	3.8	3.9
<b>OVERALL CPIA AVERAGE</b>	4.0	4.07

**MO IBRAHIM FOUNDATION**  
**2007 AFRICAN GOOD GOVERNANCE INDICATORS**

COUNTRY	Rank out of 53 African Countries	Safety & Rule of Law	Participation & Human Rights	Sustainable Economic Opportunity	Human Development
Burundi	Rank 38 Rating 45..27	38 48.37	21 56.53	43 35.77	47 40.41
Kenya	Rank 22 Rating 53.74	32 53.27	18 58.89	18 50.49	20 52.37
Rwanda	Rank 32 Rating 48.53	29 55.53	30 45.68	26 47.08	36 45.85
Tanzania	Rank 12 Rating 59.24	13 64.59	9 67.55	14 51.46	18 53.37
Uganda	Rank 24 Rating 53.57	26 56.03	19 58.08	16 50.85	30 49.33

**TANZANIA: WORLD BANK DOING BUSINESS INDICATORS (2009-2010)**

	2010	2009	Change
Ease of Doing Business	131	126	-5
Starting a Business	120	111	-9
Dealing with Construction Permits	178	175	-3
Employing Workers	131	133	+2
Registering property	145	145	0
Getting Credit	87	84	-3
Protecting Investors	93	88	-5
Paying taxes	119	113	-6
Trading Across Borders	108	105	-3
Enforcing Contracts	31	31	0
Closing a Business	113	113	0

**Institutional Support Project for Good Governance II**  
**PFMRP 2008/09 Budget**

<b>PFMRP 2008/09 Budget</b>				
Source of Funding	Budget 2008/09	Funds Released	Actual & Committed Expenditure	Main Donors
Government Funding TSH m UA m	18,039	9,453	5,508	AfDB
Percent of Total	11,114 45.0%	5,824 40.3%	3,394 30.3%	Canada Denmark
<b>Project Funding TSH m</b>	<b>3,911</b>	<b>3,553</b>	<b>3,448</b>	EU
UA m	2,410	2,189	2,124	Germany (Kfw)
Percent of Total	9.7%	14.6%	18.3%	JICA Norway
<b>Basket Funds TSH m</b>	<b>18,200</b>	<b>10,489</b>	<b>9,460</b>	World Bank
UA m	11,203	6,463	5,829	
Percent of Total	45.3%	45.1%	51.4%	
<b>Total Funding TSH</b>	<b>40,170</b>	<b>23,497</b>	<b>18,416</b>	
UA m	24,727	14,476	11,347	
<b>Funds Released % of Budget</b>		<b>61%</b>	<b>78%</b>	
<b>Actual committed % of released Funds</b>				

<b>Level of Donor Coordination</b>	
Existence of Thematic Working Groups	There are four broad Cluster Working Groups (CGPs), comprising Government & DPs. CGP 1: Growth and Income Poverty - CGP 2 Improvement of Quality of life and Social Well Being – CGP 3 Governance & accountability – CGP 4 Public Expenditure Review (PER) and Macro.
Existence of SWAPs or Integrated Sector Approaches	Budget support/FMRP/Roads Sector Program/Water Sector Program
ADB Involvement in donor coordination***	AfDB is active in donor coordination, through its field office in Dar-es-Salaam (TZFO). It is represented in the PFMRP Secretariat. TZFO Resident Representative chaired the Budget Support Group in 2009.

**Tanzania: Institutional Support Project for Good Governance II**  
**Analysis of the Public Expenditure and Financial Accountability (PEFA) Reviews Results**

	2004	2005	2006	2007	2008
<b>A PEM OUT-TURNS: Credibility of the Budget</b>	B+	B+	B+	C-	C-
1. Aggregate expenditure out-turn compared to original approved budget	B	A	A	B	B
2. Composition of expenditure outturn compared to original approved budget	B	D	D	C	C
3. Aggregate Revenue outturn compared to original approved budget	A	A	A	A	A
4. Stock and monitoring of expenditure payment areas	A	A	A	C+	C+
<b>B KEY CROSS-CUTTING FEATURES: Comprehensiveness and Transparency</b>	C+	B-	B-	B-	B-
5. Classification of the budget	C	C	C	C	C
6. Comprehensiveness of Information included in budget documentation	B	A	A	A	B
7. Extent of unreported government operations	C	B	B	B	C+
8. Transparency of inter-government fiscal relations		C+	C+	C+	B
9. Oversight of aggregate fiscal risk from other public sector and entities	C	C	C	C	B
10. Public access to key fiscal information	C	B	B	B	B
<b>C BUDGET CYCLE</b>	C	C+	C	C+	C+
			+		
<b>C(i) Policy-based budgeting</b>	C+	B	B	C	C+
11. Orderliness and participation in the annual budget process	C	B	B	C	B
12. Multi-year perspective and fiscal planning expenditure policy and budgeting	B-	B	B	C+	C
<b>C(ii) Predictability and control in budget execution</b>	C	C	C	C+	C+
			+		
13. Transparency of tax-payers obligations and liabilities		B	B	B+	B
14. Effectiveness of measures for tax-payer registration & tax assessments		C	C	C+	C+
15. Effectiveness in collection of tax payments		D+	C	D+	B
16. Predictability and the availability of funds for commitment for expenditure	C	C+	C+	C+	C+
17. Recording and management of cash balances, debt and guarantees		B	B	B	C
18. Effectiveness of payroll control	B	C+	C+	C	C+
19. Competition, value for money and control in procurement	C-	D+	D+	B	B
20. Effectiveness of internal controls for non-salary expenditures	C	C+	C+	B+	C+
21. Effectiveness of internal audit	C	C	C	C	D+
<b>C (iii) Accounting, recording and Reporting</b>	C+	C+	C	C+	C+
			+		
22. Timeliness and regularity of accounts reconciliation	B	B	C	C+	C
23. Availability of information on resources received by service delivering units		C	C	C	D
24. Quality and timeliness of in-year budget reports	C	C+	C+	C+	B
25. Quality and timeliness of annual financial statements		B+	B+	B+	B
<b>C (iv) External Security and audit</b>	C-	C-	C	C	C
26. Scope, nature and follow-up of external audit	D	D+	C	C+	C+
27. Legislative scrutiny of annual budget law		C+	C+	C+	C
28. Legislative scrutiny of external audit reports	B-	C+	C+	C	C
<b>D. DONOR PRACTICES</b>					
1. Predictability of direct budget support	C	C	C	C+	A
2. Financial information provided by donors for budgeting and reporting on aid		C	C	C	C+
3. Proportion of aid that is managed by of national procedures	D	C	C	C	B
<b>Average Core (PIs 1-28)</b>	C+	C+	C	C+	C+

			+		
<b>All PIs including donor performance</b>	<i>C+</i>	<i>C+</i>	<i>C</i>	<i>C+</i>	<i>C+</i>
			+		
<b>By sub-dimensions (A,B,C(i), C(ii), C(iii), C(iv))</b>	<i>C+</i>	<i>C+</i>	<i>C</i>	<i>C+</i>	<i>C+</i>
			+		
<b>By Dimension (A,B,C)</b>	<i>C+</i>	<i>B-</i>	<i>B=</i>	<i>C+</i>	<i>C+</i>

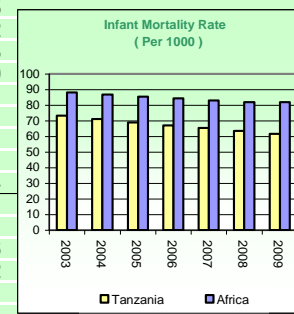
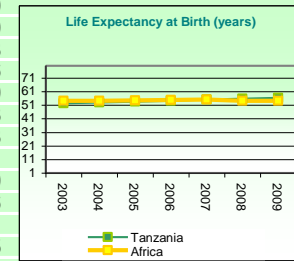
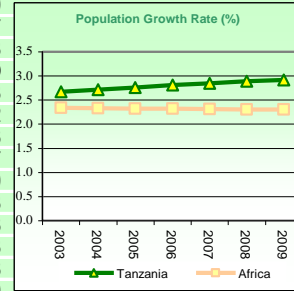
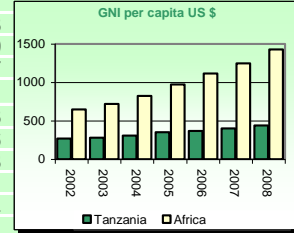
**Source:** Final Report (23 December 2009) of Independent 2008/09 Review of the Public Financial Management Reform Program.

All scores given in italics are **NOT** official PEFA scores; they are derived for comparison purposes. **Sources** The 2004, 2005, 2006 and 2007 scores were taken from the Strategic Plan, Annex B. The 2008 scores were taken from the World Bank Report 48042-TZ PEFA Review 2008, June 2009

# Tanzania

## COMPARATIVE SOCIO-ECONOMIC INDICATORS

	Year	Tanzania	Africa	Developing Countries	Developed Countries
<b>Basic Indicators</b>					
Area ( '000 Km <sup>2</sup> )		945	80 976	80 976	54 658
Total Population (millions)	2009	43.7	1,008	5,629	1,069
Urban Population (% of Total)	2009	25.9	39.6	44.8	77.7
Population Density (per Km <sup>2</sup> )	2009	46.3	3.3	66.6	23.1
GNI per Capita (US \$)	2008	440	1 428	2 780	39 688
Labor Force Participation - Total (%)	2009	49.5	41.2	45.6	54.6
Labor Force Participation - Female (%)	2009	49.7	41.2	39.8	43.3
Gender -Related Development Index Value	2005	0.464	0.525	0.694	0.911
Human Develop. Index (Rank among 182 countries)	2007	151	0.514	n.a	n.a.
Popul. Living Below \$ 1 a Day (% of Population)	2006	...	50.8	25.0	...
<b>Demographic Indicators</b>					
Population Growth Rate - Total (%)	2009	2.9	2.3	1.3	0.7
Population Growth Rate - Urban (%)	2009	4.7	3.4	2.4	1.0
Population < 15 years (%)	2009	44.7	56.0	29.2	17.7
Population >= 65 years (%)	2009	3.1	4.5	6.0	15.3
Dependency Ratio (%)	2009	91.6	78.0	52.8	49.0
Sex Ratio (per 100 female)	2009	99.4	100.7	934.9	948.3
Female Population 15-49 years (% of total population)	2009	22.8	48.5	53.3	47.2
Life Expectancy at Birth - Total (years)	2009	56.3	55.7	66.9	79.8
Life Expectancy at Birth - Female (years)	2009	57.1	56.8	68.9	82.7
Crude Birth Rate (per 1,000)	2009	41.3	35.4	21.5	12.0
Crude Death Rate (per 1,000)	2009	11.0	12.2	8.2	8.3
Infant Mortality Rate (per 1,000)	2009	61.6	80.0	49.9	5.8
Child Mortality Rate (per 1,000)	2009	100.0	83.9	51.4	6.3
Total Fertility Rate (per woman)	2009	5.5	4.5	2.7	1.8
Maternal Mortality Rate (per 100,000)	2004	578.0	683.0	440.0	10.0
Women Using Contraception (%)	2004	26.4		61.0	75.0
<b>Health &amp; Nutrition Indicators</b>					
Physicians (per 100,000 people)	2007	4.8	42.9	78.0	287.0
Nurses (per 100,000 people)*	2007	102.4	120.4	98.0	782.0
Births attended by Trained Health Personnel (%)	2005	43.4	50.5	63.4	99.3
Access to Safe Water (% of Population)	2006	55.0	64.0	84.0	99.6
Access to Health Services (% of Population)	2006	...	61.7	80.0	100.0
Access to Sanitation (% of Population)	2006	33.0	38.5	54.6	99.8
Percent. of Adults (aged 15-49) Living with HIV/AIDS	2007	6.2	4.5	1.3	0.3
Incidence of Tuberculosis (per 100,000)	2007	297.0	313.7	161.9	14.1
Child Immunization Against Tuberculosis (%)	2007	89.0	83.0	89.0	99.0
Child Immunization Against Measles (%)	2007	90.0	74.0	81.7	92.6
Underweight Children (% of children under 5 years)	2005	22.0	25.6	27.0	0.1
Daily Calorie Supply per Capita	2005	2 019	2 324	2 675	3 285
Public Expenditure on Health (as % of GDP)	2006	3.7	5.5	4.0	6.9
<b>Education Indicators</b>					
Gross Enrolment Ratio (%)					
Primary School - Total	2008	110.2	100.2	106.8	101.5
Primary School - Female	2008	109.3	91.7	104.6	101.2
Secondary School - Total	2006	...	35.1	62.3	100.3
Secondary School - Female	2006	...	30.5	60.7	100.0
Primary School Female Teaching Staff (% of Total)	2008	50.3	47.5	...	...
Adult Illiteracy Rate - Total (%)	2007	27.7	59.4	19.0	...
Adult Illiteracy Rate - Male (%)	2007	21.0	69.8	13.4	...
Adult Illiteracy Rate - Female (%)	2007	34.1	57.4	24.4	...
Percentage of GDP Spent on Education	2006	...	4.5	...	5.4
<b>Environmental Indicators</b>					
Land Use (Arable Land as % of Total Land Area)	2007	10.2	6.0	9.9	11.6
Annual Rate of Deforestation (%)	2006	...	0.7	0.4	-0.2
Annual Rate of Reforestation (%)	2006	...	10.9	...	...
Per Capita CO2 Emissions (metric tons)	2008	0.1	1.1	1.9	12.3



Sources : ADB Statistics Department Databases; World Bank: World Development Indicators;

last update :

May 2010

UNAIDS; UNSD; WHO, UNICEF, WRI, UNDP; Country Reports.

Note : n.a. : Not Applicable ; ... : Data Not Available.

TANZANIA: INSTITUTIONAL SUPPORT PROJECT FOR GOOD GOVERNANCE II

ISGG II Summary Project Cost by Beneficiary

TANZANIA MAINLAND COMPONENTS

A. STRENGTHENING PUBLIC FINANCIAL INTEGRITY AND ACCOUNTABILITY OUTCOME: IMPROVED TRACKING, MONITORING AND VALUE FOR MONEY IN PUBLIC ACCOUNTING AND PROCUREMENT	Details	TZS	COST UA			2011	2012	2013
			Total Cost	Foreign Currency	Local Currency			
<b>1.0 NATIONAL AUDIT OFFICE</b>								
<b>1. TRAINING</b>								
1.1 Environmental Audit								
Tuition fees	3pX\$4000	16,141,628	7,942	7,942	-	7,942	-	-
Air travel	3pX\$3000	12,106,221	5,956	5,956	-	5,956	-	-
Daily Allowance	21p/dX\$336	9,491,775	4,670	4,670	-	4,670	-	-
<b>Sub-Total</b>		<b>37,739,624</b>	<b>18,568</b>	<b>18,568</b>	<b>-</b>	<b>18,568</b>	<b>-</b>	<b>-</b>
1.2 Monitoring and Evaluation								
Tuition fees	3pX\$4,000	16,142,115	7,942	7,942	-	2,647	2,647	2,647
Air travel	3pX\$3,000	12,105,570	5,956	5,956	-	1,985	1,985	1,985
Daily Allowance	42p/dX\$336	18,981,518	9,339	9,339	-	3,113	3,113	3,113
<b>Sub-Total</b>		<b>47,229,203</b>	<b>23,237</b>	<b>23,237</b>	<b>-</b>	<b>7,745</b>	<b>7,745</b>	<b>7,745</b>
1.3 Masters degree in audit management and consultancy								
Tuition fees	2pX\$5,000	13,451,085	6,618	-	6,618	3,309	3,309	-
Ground transportation	2pX\$50	134,145	66	-	66	33	33	-
Accommodation	490p/dX\$20	13,182,795	6,486	-	6,486	3,243	3,243	-
Training material	2pX\$400	1,626,000	800	-	800	400	400	-
<b>Sub-Total</b>		<b>28,394,025</b>	<b>13,970</b>	<b>-</b>	<b>13,970</b>	<b>6,985</b>	<b>6,985</b>	<b>-</b>

1.4 Forensic Auditing		-						
Tuition fees	3pX\$4000	16,141,628	7,942	7,942	-	2,647	2,647	2,647
Air travel	3pX\$3000	12,106,221	5,956	5,956	-	1,985	1,985	1,985
Daily Allowance	42pdX\$336	18,982,555	9,340	9,340	-	3,113	3,113	3,113
<b>Sub-Total</b>		<b>47,230,404</b>	<b>23,238</b>	<b>23,238</b>	<b>-</b>	<b>7,746</b>	<b>7,746</b>	<b>7,746</b>
1.5 IPSAS and IFRIS		-						
Instruction Costs	63dX\$400	33,897,419	16,678	-	16678	5,559	5,559	5,559
Ground travel	150pX80	16,141,628	7,942	-	7,942	2,647	2,647	2,647
Daily allowance	2100p/dX\$60	169,487,095	83,388	-	83,388	27,796	27,796	27,796
Training materials	150pX\$100	20,177,035	9,927	-	9,927	3,309	3,309	3,309
Conference facilities	42dX\$500	28,247,849	13,898	-	13,898	4,633	4,633	4,633
<b>Sub-total</b>		<b>267,951,026</b>	<b>131,833</b>	<b>-</b>	<b>131,833</b>	<b>43,944</b>	<b>43,944</b>	<b>43,944</b>
1.6 Quality Assurance Audit		-						
Tuition Fees	3pX\$4000	16,142,115	7,942	7,942	-	2,647	2,647	2,647
Air travel	3pX\$3000	12,105,570	5,956	5,956	-	1,985	1,985	1,985
Daily allowance	21p/dX\$336	9,489,743	4,669	4,669	-	1,556	1,556	1,556
<b>Sub-total</b>		<b>37,737,428</b>	<b>18,567</b>	<b>18,567</b>	<b>-</b>	<b>6,188</b>	<b>6,188</b>	<b>6,188</b>
1.7 Risk-based audit		-						
Instruction Costs	21p/dX\$100	11,299,140	5,559	-	5,559	1,853	1,853	1,853
Ground travel	75p/dX\$40	8,070,814	3,971	-	3,971	1,324	1,324	1,324
Daily allowance	525p/dX\$60	42,371,774	20,847	-	20,847	6,949	6,949	6,949
Training materials	75pX\$100	10,088,518	4,964	-	4,964	1,655	1,655	1,655

Conference facilities	21dX\$500	14,123,925	6,949	-	6,949	2,316	2,316	2,316
<b>Sub-Total</b>		<b>85,954,169</b>	<b>42,290</b>	<b>-</b>	<b>42,290</b>	<b>14,097</b>	<b>14,097</b>	<b>14,097</b>
1.8 Procurement and IT Audit		-						
Instruction Costs	20dX\$400	10,761,085	5,295	-	5,295	5,295	-	-
Ground transportation	10pX\$50	672,568	331	-	331	331	-	-
Daily Allowance	100p/dX\$60	8,070,814	3,971	-	3,971	3,971	-	-
Tainting material	10pX100	1,345,136	662	-	662	662	-	-
Conference Facilities	10dX\$200	2,690,271	1,324	-	1,324	1,324	-	-
<b>Sub-Total</b>		<b>23,539,874</b>	<b>11,582</b>	<b>-</b>	<b>11,583</b>	<b>11,582</b>	<b>-</b>	<b>-</b>
1.10 Audit of Financial Statements		-	-					
Consultancy Fees	2 contractsX\$30,000	80,708,140	39,709	-	39,709	19,854	19,854	-
Accommodation	140p/dX\$120X2	45,196,559	22,237	-	22,237	11,119	11,119	-
Ground travel	40pX\$50	2,690,271	1,324	-	1,324	662	662	-
Conference facilities	280p/dX\$30	11,299,140	5,559	-	5,559	2,780	2,780	-
<b>Sub-Total</b>		<b>139,894,110</b>	<b>68,829</b>	<b>-</b>	<b>68,829</b>	<b>34,415</b>	<b>34,415</b>	<b>-</b>
1.11 Local Government Auditors trained in financial statements	40p	-						
Consultancy fees	2 contractsX\$30000	80,708,140	39,709	-	39,709	19,855	19,855	-
Accommodation	280p/dX\$120	45,196,559	22,237	-	22,237	11,118	11,118	-
Ground travel	40pX\$50	2,690,271	1,324	-	1,324	662	662	-
Conference facilities	280p/dX\$30	11,299,140	5,559	-	5,559	2,779	2,779	-
<b>Sub-Total</b>		<b>139,894,110</b>	<b>68,829</b>	<b>-</b>	<b>68,829</b>	<b>34,415</b>	<b>34,415</b>	<b>-</b>
1.12 Public Authorities trained on audit of financial statements	20p	-						
Consultancy fees	2 contractsX\$10,000	26,902,713	13,236	-	13,236	6,618	6,618	-

Accommodation	20pX\$120	3,228,326	1,588	-	1,588	794	794	-
Ground travel	20pX\$50	1,345,136	662	-	662	331	331	-
Conference facilities	140pdX\$30	5,649,570	2,780	-	2,780	1,390	1,390	-
<b>Sub-Total</b>		<b>37,125,745</b>	<b>18,266</b>	<b>-</b>	<b>18,266</b>	<b>9,133</b>	<b>9,133</b>	<b>-</b>
1.13 Performance auditing of roads works	9p	-						
Tuition fees	9pX\$1200	14,527,465	7,148	7,148	-	2,383	2,383	2,383
Air travel	9pX\$1000	12,106,221	5,956	5,956	-	1,985	1,985	1,985
Daily Allowance	45p/dX\$336	20,338,451	10,007	10,007	-	3,336	3,336	3,336
<b>Sub-Total</b>		<b>46,972,138</b>	<b>23,111</b>	<b>23,111</b>	<b>-</b>	<b>7,704</b>	<b>7,704</b>	<b>7,704</b>
1.14 Auditors attached to other SAIs to gain experience in financial performance and forensic audits	6p	-						
Attachment fees	120p/dX\$50	8,070,814	3,971	3,971	-	1,324	1,324	1,324
Air travel	6X\$1200	9,684,977	4,765	4,765	-	1,588	1,588	1,588
Daily Allowance	120p/dX\$420	67,794,838	33,355	33,355	-	11,118	11,118	11,118
<b>Sub-Total</b>		<b>85,550,629</b>	<b>42,091</b>	<b>42,091</b>	<b>-</b>	<b>14,030</b>	<b>14,030</b>	<b>14,030</b>
1.15 Training PAC, POAC and LAAC members of Parliament in the CAG reports and interrogation skills for improving their oversight functions		-						
Instruction cost	12dXS400	6,456,651	3,177	-	3,177	1,588	1,588	-
Ground travel	120pX\$50	8,070,814	3,971	-	3,971	1,986	1,986	-
Daily Allowance	360p/dX\$80	38,739,907	19,060	-	19,060	9,530	9,530	-
Training materials	120pX\$50	8,070,814	3,971	-	3,971	1,986	1,986	-
Conference facilities	360p/dX\$40	19,369,954	9,530	-	9,530	4,765	4,765	-
<b>Sub-Total</b>				<b>-</b>	<b>39,709</b>	<b>19,854</b>	<b>19,854</b>	<b>-</b>

		80,708,140	39,709					
Total Training for NAO		1,105,920,623	544,118	148,812	395,309			
<b>IT EQUIPMENT AND OFFICE FURNITURE</b>								
Laptops	40 unitsX\$1500	80,708,140	39,709	39,709	-	13,236	13,236	13,236
Digital cameras	5 unitsX\$600	4,035,407	1,985	1,985	-	1,985	-	-
Office furniture		80,035,572	39,378	39,378	-	39,378	-	-
<b>Total Office Equipment and Furniture NAO</b>		164,779,120	81,072	81,072	-	54,599	13,236	13,236
<b>GRAND TOTAL NATIONAL AUDIT OFFICE</b>		<b>1,270,699,743</b>	<b>625,191</b>	<b>229,884</b>	<b>395,309</b>	<b>283,741</b>	<b>230,796</b>	<b>125,994</b>
<b>2.0 PUBLIC PROCUREMENT REGULATORY AUTHORITY</b>								
2.1 Development of a Model Training Program								
Domestic per diem	20p/dXUA 74	3,000	1,476	-	1,476	-	1,476	-
Domestic travel	4 tripsXUA 177	1,440	708	-	708	-	708	-
Conference facilities	2XUA1968	1,968	3,936	-	3,936	-	3,936	-
Other expenses (Diesel, printing, stationary and sundry expenses)		16,532	6,166	-	6,166	-	6,166	-
<b>Sub-total</b>		<b>22,940</b>	<b>11,286</b>	<b>-</b>	<b>11,286</b>	<b>-</b>	<b>11,286</b>	<b>-</b>
2.2. Implementing a system of checking and monitoring of all PEs in MDAs		295,000	145,140	-	145,140	-	72,570	72,570
2.3 Implementing a system of checking and monitoring of all PEs in LGAs		292,000	143,664	-	143,664	71,832	71,832	-
2.4 TA for facilitating legal, technical and other reforms to accommodate e-procurement		400,000	197,000	197,000	-	98,500	98,500	-
2.5 Rolling out procurement management Information System (PMIS) in 240 government entities.		2,222,406	1,093,424	-	1,093,424	364,475	364,475	364,475
<b>Total Technical Assistance and Consultancy</b>			1,590,514	197,000	1,393,514			
2.6 Training of trainers to 20 providers annually								
Domestic per diem	40p/dXUA74	6,000	2,952	-	2,952	-	1,476	1,476
Domestic travel	8 tripsXUA 196	3,200	1,574	-	1,574	-	-	-
Conference facilities	2X1UA968	8,000	3,936	-	3,936	-	787	787
Other expenses (Diesel, printing, stationary and sundry expenses)		16,000	7,872	-	7,872	-	1,968	1,968
<b>Sub-total</b>		<b>33,200</b>	<b>16,334</b>	<b>-</b>	<b>16,342</b>	<b>-</b>	<b>8,171</b>	<b>8,171</b>
2.57 Short- and medium-term training for PPRA staff		305,000	150,000	-				-

<b>Total Training PPRA</b>			<b>166,334</b>	<b>-</b>	<b>16342</b>			
2.4 Equipment and office furniture for the PPRA new offices		204,920	100,000	-	100,000	50,000	50,000	-
2.3 Office furniture and equipment for 4 zonal offices	Furniture	400,000	196,800	-	196,800	98,400	98,400	-
	IT and office equipment	706,000	293,352	-	347,352	173,676	173,676	-
	Four 4WD vehicles	380,000	186,000	186,000	-	-	-	-
		<b>1,486,000</b>	<b>676,152</b>	<b>186,000</b>	<b>730,152</b>	<b>272,076</b>	<b>272,076</b>	<b>-</b>
<b>Total Office equipment and furniture</b>			776,152	186,000	730,152	272,076	<u>272,076</u>	
<b>TOTAL PPRA</b>			<b>2,633,000</b>	<b>1,087,000</b>	<b>1,500,000</b>	<b>900,000</b>	<b>1,000,000</b>	<b>687,000</b>

<b>3.0 PREVENTION AND COMBATTING CORRUPTION BUREAU</b>								
3.1 Diagnostic Survey on Corruption in Roads Infrastructure		516,075,000	253,909	-	253,909	253,909	-	-
3.2 Development of Manual on Prevention and investigation of corruption allegations relating to procurement and guidance to Stakeholders		306,372,000	150,735	-	150,735	150,735	-	-
<b>Total TA PCCB</b>			404,644		404,644	404,644		
3.3 Professional training on asset tracking & recovery		321,445,000	158,151	-	158,151	-	158,151	-
<b>GRAND TOTAL PCCB</b>		<b>1,143,892,000</b>	<b>562,795</b>	<b>-</b>	<b>562,795</b>	<b>404,644</b>	<b>158,151</b>	<b>-</b>
<b>B. STRENGTHENING ECONOMIC MANAGEMENT</b>								
<b>MINISTRY OF FINANCE AND ECONOMIC AFFAIRS (MoFEA)</b>								
<b>1.0 Public Finance Management Reform Program Secretariat (PFMRP)</b>								
1.1 Adviser in Monitoring and Evaluation for the PFMRP Secretariat to advise on financial matters, prepare monitoring & evaluation manual and conduct training workshops in financial management.								
Salary & allowances	6p/mXUA 13,300	162,195,096	79,800	79,800	-	79,800	-	-
Return air-tickets	UA 2000	2,691,056	1,324	1,324	-	1,324	-	-
<b>Technical Assistance MoFEA</b>		<b>164,886,152</b>	<b>81,124</b>	<b>81,124</b>	<b>-</b>	<b>81,124</b>	<b>-</b>	<b>-</b>
1.2 Twenty-one day training in public finance management - ESAMI	3p							
Tuition fees	3pXUA2316	14,121,949	6,948	6,948	-	2,316	2,316	2,316
Subsistence allowance	3pX21dXUA200	25,609,752	12,600	12,600	-	4,200	4,200	4,200
Tickets and visa	3pXUA662	4,036,585	1,986	1,986	-	662	662	662
<b>Sub-total</b>		<b>43,768,286</b>	<b>21,534</b>	<b>21,534</b>	<b>-</b>	<b>7,178</b>	<b>7,178</b>	<b>7,178</b>
1.3 Sixteen day training in Gender Budgeting	3p							
Tuition fees	3pXUA2316	14,121,949	6,948	6,948	-	2,316	2,316	2,316
Subsistence allowance	3pX16dXUA200	19,512,192	9,600	9,600	-	3,200	3,200	3,200
Tickets and visa	3pXUA662	4,036,585	1,986	1,986	-	662	662	662
<b>Sub-total</b>		<b>37,670,726</b>	<b>18,534</b>	<b>18,534</b>	<b>-</b>	<b>6,178</b>	<b>6,178</b>	<b>6,178</b>
<b>2.0 MoFEA External Finance Department</b>								

2.1 Regional 16 day course in project monitoring and evaluation - ESAMI								
Tuition Fees	3pXUA2316	14,121,949	6,948	6,948	-	2,316	2,316	2,316
Air travel	3pXUA662	4,036,585	1,986	1,986	-	662	662	662
Living allowance	3pX90dXUA222	121,829,249	59,940	59,940	-	1,998	1,998	1,998
Instruction material	3pXUA75	457,317	225	225	-	75	75	75
<b>Sub-total</b>		<b>140,445,099</b>	<b>69,099</b>	<b>69,099</b>	<b>-</b>	<b>5,051</b>	<b>5,051</b>	<b>5,051</b>
2.2 Short-term training in negotiations skills								
Tuition Fees	3pXUA2500	15,243,900	7,500	7,500	-	2,500	2,500	2,500
Air travel	3pXUA1500	9,146,340	4,500	4,500	-	1,500	1,500	1,500
Living allowance	3pX90dXUA222	121,829,249	59,940	59,940	-	19,980	19,980	19,980
Instruction material	3pXUA75	457,317	225	225	-	75	75	75
<b>Sub-total</b>		<b>146,676,806</b>	<b>72,165</b>	<b>72,165</b>	<b>-</b>	<b>24,055</b>	<b>24,055</b>	<b>24,055</b>
2.3 Advanced Management Skills training	2p							
Tuition Fees	2XUA3000	12,195,120	6,000	6,000	-	3,000	3,000	-
Air travel	2XUA1500	6,097,560	3,000	3,000	-	1,500	1,500	-
Living allowance	120p/dXUA222	54,146,333	26,640	26,640	-	13,320	13,320	-
Instruction material	2XUA75	304,878	150	150	-	75	75	-
<b>Sub-total</b>		<b>72,743,891</b>	<b>35,790</b>	<b>35,790</b>	<b>-</b>	<b>17,895</b>	<b>17,895</b>	<b>-</b>
2.4 Office Equipment and Logistic Support								
Motor Vehicle	one 4WD	101,626,000	50,000	50,000	-	50,000	-	-
Scanner	2XUA150	609,756	300	300	-	300	-	-
<b>Sub-total</b>		<b>102,235,756</b>	<b>50,300</b>	<b>50,300</b>	<b>-</b>	<b>50,300</b>	<b>-</b>	<b>-</b>
<b>3.0 Policy Analysis Department (PAD)</b>								
3.1 Twenty-one day training for 3 staff on impact of international economic trends and appropriate policy response - South Africa	3p							
Tuition Fees	3pXUA5000	30,487,800	15,000	15,000	-	5,000	5,000	5,000
Air travel	3pXUA662	4,036,585	1,986	1,986	-	662	662	662
Living allowance	3pX21dXUA200	25,609,752	12,600	12,600	-	4,200	4,200	4,200
Instruction material	3XUA75	457,317	225	225	-	75	75	75
<b>Sub-total</b>		<b>60,591,454</b>	<b>29,811</b>	<b>29,811</b>	<b>-</b>	<b>9,937</b>	<b>9,937</b>	<b>9,937</b>
3.2 Three week training in Debt and loan negotiation skills	3p							

Tuition Fees	3pXUA 5000	30,487,800	15,000	15,000	-	5,000	5,000	5,000
Air travel	3pXUA662	4,036,585	1,986	1,986	-	662	662	662
Living allowance	3pX21dXUA200	25,609,752	12,600	12,600	-	4,200	4,200	4,200
Instruction material	3pXUA75	457,317	225	225	-	75	75	75
<b>Sub-total</b>		<b>60,591,454</b>	<b>29,811</b>	<b>29,811</b>	<b>-</b>	<b>9,937</b>	<b>9,937</b>	<b>9,937</b>
3.3 Two week regional training in macroeconomic and fiscal issues	4p				-			
Tuition Fees	4pXUA5000	40,650,400	20,000	20,000	-	5,000	10,000	5,000
Air travel	4pXUA662	5,382,113	2,648	2,648	-	662	1,324	662
Living allowance	4pX15dXUA200	24,390,240	12,000	12,000	-	3,000	6,000	3,000
Instruction material	4pX75	609,756	300	300	-	75	150	75
<b>Sub-total</b>		<b>71,032,509</b>	<b>34,948</b>	<b>34,948</b>		<b>8,737</b>	<b>17,474</b>	<b>8,737</b>
3.4 Office IT and Equipment					-			
Four lap-tops	4XUA1000	8,130,080	4,000	4,000	-	4,000	-	-
One projector	1XUA1000	2,032,520	1,000	1,000	-	1,000	-	-
<b>Sub-total</b>		<b>10,162,600</b>	<b>5,000</b>	<b>5,000</b>	<b>-</b>	<b>5,000</b>	<b>-</b>	<b>-</b>
<b>GRAND TOTAL MoFEA</b>		<b>1,057,481,538</b>	<b>448,116</b>	<b>448,116</b>		<b>225,392</b>	<b>97,705</b>	<b>71,073</b>
<b>4.0 TANZANIA MAINLAND PROJECT IMPLEMENTATION UNIT</b>								
4.1 Project Coordinator	36p/mXUA662	48,424,313	23,825	-	23,825	7,941	7,941	7,941
4.2 Project Accountant	36p/mXUA500	30,487,500	15,000	-	15,000	5,000	5,000	5,000
4.3 Project Secretary	36p/mXUA331	24,211,140	11,912	-	11,912	3,970	3,970	3,970
4.4 Office consumables	36mXUA1500	119,441,038	54,000	-	54,000	18,000	18,000	18,000
4.5 Annual project audit	3yearsXUA 12000	73,170,000	36,000	-	36,000	12,000	12,000	12,000
Total Costs for Mainland PIU		295,735,725	145,502	-	140,737	46,911	46,911	46,911
<b>GRAND TOTAL TANZANIA MAINLAND</b>		<b>8,769,431,572</b>	<b>4,314,603</b>	<b>1,765,000</b>	<b>2,549,606</b>	<b>1,844,276</b>	<b>1,517,151</b>	<b>914,566</b>

**TANZANIA: INSTITUTIONAL SUPPORT PROJECT FOR GOOD GOVERNANCE II**

**ISGG II Summary Project Cost by Beneficiary**

**ZANZIBAR COMPONENTS**

<b>OUTCOME: IMPROVED TRACKING, MONITORING AND VALUE FOR MONEY IN PUBLIC ACCOUNTING AND PROCUREMENT</b>			<b>Total Cost</b>	<b>Foreign Currency</b>	<b>Local Currency</b>			
<b>1.0 OFFICE OF THE CONTROLLER AND AUDITOR GENERAL (OCAG)</b>								
<b>1.1 Epicor-Based Integrated Financial Management System</b>								
1.1 Active Planner Server Licenses with 3 named users		6,605,690	3,250	3,250	-	3,250	-	-
1.2 17 Additional licenses as extension of GOT licenses		12,573,169	6,186	6,186	-	6,186	-	-
<b>Sub-total</b>		<b>19,178,859</b>	<b>9,436</b>	<b>9,436</b>	<b>-</b>	<b>9,436</b>	<b>-</b>	<b>-</b>
<b>1.2 Consultancy fees for validation of software</b>	10p/dXUA821	<b>16,678,859</b>	<b>8,206</b>	<b>8,206</b>	<b>-</b>	<b>8,206</b>	<b>-</b>	<b>-</b>
<b>1.3 Training of Soft-Tech Premises – DSM</b>								
Technical Training	5p/dXUA847	8,609,755	4,236	-	4,236	4,236	-	-
Application Training for Core Audit Team and Budget Officers	20p/XUA851	34,593,490	17,020	-	17,020	17,020	-	-
Training of 20 staff @ computer literate end users	600p/dXUA44.12	53,806,902	26,473	-	26,473	26,473	-	-
<b>Sub-total</b>		<b>97,010,147</b>	<b>47,729</b>	<b>-</b>	<b>47,729</b>	<b>47,729</b>	<b>-</b>	<b>-</b>
<b>1.4 Onsite Activities</b>								
Technical Installation and Configuration	5dXUA821	8,339,430	4,103	-	4,103	4,103	-	-
Configuration of Government of Zanzibar Plan tree and Plan Sheets	10p/dXUA827	16,815,038	8,273	-	8,273	8,273	-	-
Data capture and verification	20p/dXUA827	33,628,043	16,545	-	16,545	16,545	-	-
Consolidation, verification and production of Budget Books	10p/dXUA821	16,678,859	8,206	-	8,206	8,206	-	-
Populate of General Ledger on approval of Budget Estimates	10p/dXUA794.2	16,142,274	7,942	-	7,942	7,942	-	-
<b>Sub-total</b>		<b>91,603,644</b>	<b>45,069</b>	<b>-</b>	<b>45,069</b>	<b>45,069</b>	<b>-</b>	<b>-</b>
<b>1.5 Report Customisation based on Tanzania mainland reports</b>	30p/dXUA708	<b>43,178,855</b>	<b>21,244</b>	<b>-</b>	<b>21,244</b>	<b>21,244</b>	<b>-</b>	<b>-</b>
<b>1.6 Project Management</b>	33.75p/dXUA706	<b>48,424,789</b>	<b>23,825</b>	<b>-</b>	<b>23,825</b>	<b>23,825</b>	<b>-</b>	<b>-</b>
<b>Total TA OCAG</b>			<b>147,303</b>	<b>17,642</b>	<b>137,867</b>	<b>147303</b>		
<b>1.7 Training of members of the House of Representatives (PAC), (FEAC) and (WDSWC)</b>								
1.7.1 Workshop on Budget Processes and National Development Plans		40,538,611	19,945	-	19,945	19,945	-	-
1.7.2 Workshop on Public Finance Act and the Procurement Act		31,544,710	15,520	-	15,520	15,520	-	-

1.7.3 Workshop on Controller and Accountant General Reports, Public Expenditure Review and Financial processes and Reform		31,544,710	15,520	-	15,520	15,520	-	-
1.7.4 Workshop on oversight functions over Central and Local Government and Donor Funded Projects		31,544,710	15,520	-	15,520	15,520	-	-
<b>Total Training OCAG</b>			<b>66,505</b>		<b>66,505</b>			
<b>TOTAL OCAG</b>		<b>451,247,896</b>	<b>222,014</b>	<b>84,147</b>	<b>194,372</b>	<b>155,509</b>	-	-
<b>2.0 DEPARTMENT OF STOCK VERIFICATION AND PUBLIC PROCUREMENT</b>								
<b>2.1 Public Procurement Oversight Body</b>								
<b>Review of the Current Public Procurement and Disposal of Public Assets Act No. 9 (PPDA)</b>								
2.1.1 Consultancy services to draft terms of reference for the review of the PPDA	15p/dXUA165	5,030,487	2,475	-	2,475	2,475	-	-
2.1.2 Consultancy fees to review the PPDA	90p/dXUA330	60,365,844	29,700	-	29,700	29,700	-	-
Honoraria	50p/dXUA66	6,707,316	3,300	-	3,300	3,300	-	-
2.1.3 One-day Consultative Workshop for 50 participants		14,227,640	7,000	-	7,000	7,000	-	-
2.1.4 Drafting of reviewed PPDA		5,284,552	2,600	-	2,600	2,600	-	-
2.1.5 Consultant to develop a framework and guidelines of amended PPDA	30p/dXUA331	20,182,924	9,930	-	9,930	9,930	-	-
2.1.6 Production and dissemination of the PPDA		26,422,760	13,000	-	13,000	13,000	-	-
<b>Total TA Procurement Department, Zanzibar</b>		<b>138,221,523</b>	<b>68,005</b>	-	<b>68,005</b>	<b>68,005</b>	-	-
<b>2.2 Registrar General's Office (RGO)</b>								
2.2.1 Consultancy services to prepare a business registration manual		60,975,600	30,000	-	30,000	-	30,000	-
2.2.2 RGO's web-site developed		8,069,104	3,970	-	3,970	-	3,970	-
2.2.3 IT Special courses	3pXUA4633	28,231,703	13,890	-	13,890	13,890	-	-
<b>Total Consultancy RGO</b>		<b>97,276,407</b>	<b>47,860</b>	-	<b>47,860</b>	<b>13,890</b>	<b>33,970</b>	-
<b>Total Department of Stock Verification and Public Procurement</b>		<b>235,497,930</b>	<b>115,865</b>	-	<b>115,865</b>	<b>81,895</b>	<b>33,970</b>	-
<b>3.0 ZANZIBAR INSTITUTE FOR FINANCIAL ADMINISTRATION (ZIFA)</b>								
<b>Training</b>								
<b>1.0 Long-Term Courses</b>								
1.1 MSc. In procurement MZUMBE University	1p							

Tuition fees	1XUA1985	4,034,552	1,985	-	1,985	1,985	-	-
Accommodation and meals	1XUA1985	4,034,552	1,985	-	1,985	1,985	-	-
Transport	1X653	1,327,236	653	-	653	653	-	-
Field and Report Writing	1X1985	4,034,552	1,985	-	1,985	1,985	-	-
Book allowance	1XUA549	1,115,853	549	-	549	549	-	-
Other expenses		174,797	86	-	86	86	-	-
<b>Sub-total</b>		<b>14,721,542</b>	<b>7,243</b>	<b>-</b>	<b>7,243</b>	<b>7,243</b>	<b>-</b>	<b>-</b>
1.2 MBA IT Institute of Accounting, Arish								
Tuition fees	2pXUA4964	20,176,826	9,927	-	9,927	4,963	4,963	-
Accommodation and meals	2pXUA1985	8,071,137	3,971	-	3,971	1,985	1,985	-
Transport	12pdXUA105	2,583,333	1,271	-	1,271	635	635	-
Book allowance	2pXUA549	2,231,707	1,098	-	1,098	549	549	-
Field and Report Writing	2pXUA249	8,071,137	3,971	-	3,971	1,985	1,985	-
Other expenses		414,634	204	-	204	102	102	-
<b>Sub-total</b>		<b>41,548,774</b>	<b>20,442</b>	<b>-</b>	<b>20,442</b>	<b>10,219</b>	<b>10,219</b>	<b>-</b>
1.3 MSc. Economics, University of Dar es Salaam								
Tuition fees	1p	4,034,552	1,985	-	1,985	1,985	-	-
Accommodation and meals	1XUA1985	4,034,552	1,985	-	1,985	1,985	-	-
Transport	1XUA1985	1,290,650	635	-	635	635	-	-
Book allowance	1X653	1,115,853	549	-	549	549	-	-
Field and Report Writing	1X1985	4,034,552	1,985	-	1,985	1,985	-	-
Other expenses	1XUA549	174,797	86	-	86	86	-	-
<b>Sub-total</b>		<b>14,721,542</b>	<b>7,243</b>	<b>-</b>	<b>7,243</b>	<b>7,243</b>	<b>-</b>	<b>-</b>
<b>2.0 Professional Courses</b>								
2.1 ACCA Professional Zambia								
Tuition fees	1pXUA5956	12,105,689	5,956	5,956		5,956	-	-
Tuition fees	1pXUA4765	9,684,958	4,765	4,765		4,765	-	-
Tickets/Visa	1pXUA974	1,979,674	974	974		974	-	-
Book allowance	1pXUA397	806,910	397	397		397	-	-
<b>Sub-total</b>		<b>24,577,232</b>	<b>12,092</b>	<b>12,092</b>		<b>12,092</b>	<b>-</b>	<b>-</b>
2.2 CPA Professional Tanzania								
Tuition fees	2p/mXUA298	1,211,382	596	-	596	298	298	-
Accommodation and meals	2pXUA795	3,227,642	1,588	-	1,588	794	794	-
Tickets	2pXUA99	402,439	198	-	198	99	99	-

Book allowance	2pXUA66	268,293	132	-	132	66	66	-
<b>Sub-total</b>		<b>5,109,755</b>	<b>2,514</b>	<b>-</b>	<b>2,514</b>	<b>1,257</b>	<b>1,257</b>	<b>-</b>
2.3 Cisco Certified Network Associate (CCNA) - Makerec								
Tuition fees	1pXUA198	402,439	198	198	-	-	-	-
Air ticket	1pXUA662	1,345,528	662	662	-	-	-	-
Daily subsistence allowance (DSA)	6p/mXUA529	6,457,316	3,177	3,177	-	-	-	-
<b>Sub-total</b>		<b>8,205,283</b>	<b>4,037</b>	<b>4,037</b>	<b>-</b>	<b>4,037</b>	<b>-</b>	<b>-</b>
<b>3.0 Short-term Courses</b>								
3.1 Budget and Forecasting – ICD Namibia								
Tuition fees	1pXUA 2316	4,707,316	2,316	2,316	-	-	2,316	-
DSA	16p/dXUA198	6,457,316	3,177	3,177	-	-	3,177	-
Tickets/Visa	1pXUA662	1,345,528	662	662	-	-	662	-
<b>Sub-total</b>		<b>12,510,161</b>	<b>6,155</b>	<b>6,155</b>	<b>-</b>	<b>-</b>	<b>6,155</b>	<b>-</b>
3.2 Procurement Audit, ESAMI								
Tuition fees		4,707,316	2,316	2,316	-	2,316	-	-
DSA		6,457,316	3,177	3,177	-	3,177	-	-
Tickets/Visa		1,345,528	662	662	-	662	-	-
<b>Sub-total</b>		<b>12,510,161</b>	<b>6,155</b>	<b>6,155</b>	<b>-</b>	<b>6,155</b>	<b>-</b>	<b>-</b>
3.3 Project Monitoring and Evaluation - ESAMI								
Tuition fees	1pXUA2316	4,707,316	2,316	2,316	-	-	-	2,316
DSA	16p/dXUA198	6,457,316	3,177	3,177	-	-	-	3,177
Tickets/Visa	1pXUA662	1,345,528	662	662	-	-	-	662
<b>Sub-total</b>		<b>12,510,161</b>	<b>6,155</b>	<b>6,155</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,155</b>
3.4 Financial Management in Public Sector, ESAMI								
Tuition fees	1pXUA2316	4,707,316	2,316	2,316	-	2,316	-	-
DSA	21p/dXUA199	8,473,576	4,169	4,169	-	4,169	-	-
Tickets/Visa	1pXUA662	1,345,528	662	662	-	662	-	-
<b>Sub-total</b>		<b>14,526,420</b>	<b>7,147</b>	<b>7,147</b>	<b>-</b>	<b>7,147</b>	<b>-</b>	<b>-</b>
3.5 Project Design, proposal witting and Fund raising - ICD Namibia								
Tuition fees	1pXUA2316	4,707,316	2,316	2,316	-	2,316	-	-
DSA	16p/dXUA198	6,457,316	3,177	3,177	-	3,177	-	-
Tickets/Visa	1pXUA662	1,345,528	662	662	-	662	-	-
<b>Sub-total</b>		<b>12,510,161</b>	<b>6,155</b>	<b>6,155</b>	<b>-</b>	<b>6,155</b>	<b>-</b>	<b>-</b>

3.6 Software Development, Methodology and Design, South Africa					-			
Tuition fees	1pXUA937	1,904,471	937	937	-	937	-	-
DSA	3p/mXUA529	3,227,642	1,588	1,588	-	1,588	-	-
Tickets/Visa	1pXUA794	1,613,821	794	794	-	794	-	-
<b>Sub-total</b>		<b>6,745,934</b>	<b>3,319</b>	<b>3,319</b>	-	<b>3,319</b>	-	-
3.7 SQL Database Management, ICD Namibia					-			
Tuition fees	1pXUA2316	4,707,316	2,316	2,316	-	-	2,316	-
DSA	16p/dXUA198	6,457,316	3,177	3,177	-	-	3,177	-
Tickets/Visa	1pXUA662	1,345,528	662	662	-	-	662	-
<b>Sub-total</b>		<b>12,510,161</b>	<b>6,155</b>	<b>6,155</b>	-	-	<b>6,155</b>	-
3.8 Website Development and Management Skills - - ICD Namibia					-			
Tuition fees	1pXUA2316	4,707,316	2,316	2,316	-	2,316	-	-
DSA	16p/dXUA198	6,457,316	3,177	3,177	-	3,177	-	-
Tickets/Visa	1pXUA662	1,345,528	662	662	-	662	-	-
<b>Sub-total</b>		<b>12,510,161</b>	<b>6,155</b>	<b>6,155</b>	-	-	-	-
3.9 Consultancy skills, ESAMI					-			
Tuition fees	1pXUA2316	4,707,316	2,316	2,316	-	-	2,316	-
DSA	21p/dXUA199	8,473,576	4,169	4,169	-	-	4,169	-
Tickets/Visa	1pXUA662	1,345,528	662	662	-	-	662	-
<b>Sub-total</b>		<b>14,526,420</b>	<b>7,147</b>	<b>7,147</b>	-	-	<b>7,147</b>	-
3.10 Public Sector Financial Management and Control, ICD Namibia					-			2,316
Tuition fees	1pXUA	4,707,316	2,316	2,316	-	-	-	3,177
DSA	16p/dXUA199	6,457,316	3,177	3,177	-	-	-	662
Tickets/Visa	1pXUA662	1,345,528	662	662	-	-	-	<b>6,155</b>
<b>Sub-total</b>		<b>12,510,161</b>	<b>6,155</b>	<b>6,155</b>	-	-	-	
3.11 Curriculum Development, ICD Namibia					-			
Tuition fees	1pXUA	4,707,316	2,316	2,316	-	2,316	-	-
DSA	16p/dXUA199	6,457,316	3,177	3,177	-	3,177	-	-
Tickets/Visa	1pXUA662	1,345,528	<b>662</b>	<b>662</b>	-	<b>662</b>	-	-
<b>Sub-total</b>		<b>12,510,161</b>	<b>6,155</b>	<b>6,155</b>	-	<b>6,155</b>	-	-
<b>Total Training ZIFA</b>			<b>120,424</b>	<b>82,982</b>	<b>37,442</b>			
<b>4.0 Office equipment and training material</b>					-			
4.1 Research References and Journals		3,873,983	1,906	1,906	-	-	1,906	-

4.2 Computer Servers	2XUA5294	21,522,354	20,364	20,364	-	20,364	-	-
4.3 Tapes for backup		363,821	179	179	-	179	-	-
4.4 UPS for server	1XUA5625	11,432,925	5,625	5,625	-	5,625	-	-
4.5 Software packages	1XUA3971	8,071,137	3,971	3,971	-	3,971	-	-
4.6 Laptop Computer	12XUA992	24,213,411	11,913	11,913	-	11,913	-	-
4.7 Personal Computer	70XUA794	112,991,852	55,592	55,592	-	55,592	-	-
4.8 UPS for Desk-Computers	70XUA132	18,831,298	9,265	9,265	-	9,265	-	-
4.9 Microsoft Office (Volume licenses)	70XUA199	28,247,963	13,898	13,898	-	13,898	-	-
4.10 LCD Projector	6XUA993	12,113,819	5,960	5,960	-	5,960	-	-
4.11 Photocopier Machine	3XUA4633	28,247,963	13,898	13,898	-	13,898	-	-
4.12 Client-Server network based Accounting Software (Quick Books 2008 and Tally 9 and over)	2XUA5956	24,213,411	11,913	11,913	-	11,913	-	-
<b>Sub-total</b>		<b>294,123,936</b>	<b>144,709</b>	<b>123,499</b>	<b>-</b>	<b>123,499</b>	<b>-</b>	<b>-</b>
<b>GRAND TOTAL ZIFA</b>		<b>538,888,125</b>	<b>265,133</b>	<b>228,751</b>	<b>81,475</b>	<b>248,862</b>	<b>52,755</b>	<b>6,155</b>
<b>(B) STRENGTHENING ECONOMIC MANAGEMENT</b>								
<b>1.0 MINISTRY OF FINANCE AND ECONOMIC AFFAIRS</b>								
<b>Training</b>								
<b>1.1 Department of External Finance</b>								
1.1.1 Training leading to MSc. In economics - Delhi University	2p							
Tuition fees	2XUA3309	13,451,217	6,618	6,618	-	3,309	3,309	-
Living expenses	2pXUA4368	17,756,095	8,736	8,736	-	4,368	4,368	-
Return air tickets	2XUA794	3,227,642	1,588	1,588	-	794	794	-
Other expenses	2XUA463	1,882,114	926	926	-	463	463	-
<b>Sub-total</b>		<b>36,317,067</b>	<b>17,868</b>	<b>17,868</b>	<b>-</b>	<b>8,934</b>	<b>8,934</b>	<b>-</b>
1.1.2 Training leading to MSc. In Financial Management					-			
Tuition fees	2XUA3309	13,451,217	6,618	6,618	-	3,309	3,309	-
Living expenses	2pXUA4368	17,756,095	8,736	8,736	-	4,368	4,368	-
Return air tickets	2XUA794	3,227,642	1,588	1,588	-	794	794	-
Other expenses	2XUA463	1,882,114	926	926	-	463	463	-
<b>Sub-total</b>		<b>36,317,067</b>	<b>17,868</b>	<b>17,868</b>	<b>-</b>	<b>8,934</b>	<b>8,934</b>	<b>-</b>
1.1.3 Short training course in Project Monitoring and Evaluation					-			
Tuition fees	2XUA1654	6,725,609	3,309	3,309	-	1,654	1,654	-
Daily Subsistence allowance	2pX14dXUA198	11,268,291	5,544	5,544	-	2,772	2,772	-
Return air tickets	2XUA794	3,227,642	1,588	1,588	-	794	794	-

<b>Sub-total</b>		21,221,541	<b>10,441</b>	<b>10,441</b>	-	<b>5,220</b>	<b>5,220</b>	-
<b>1.2 Department of Economic Management and Budgeting</b>								
1.2.1 Training leading to MSc. In Finance UDSM	2pXUA4178	16,983,737	8,356	8,356	-	4,178	4,178	-
1.2.2 Two person/month training course in Economic and Budget Planning – Swaziland								
Tuition fees	2pXUA2713	11,028,454	5,426	5,426	-	2,713	2,713	-
Return air tickets	2pXUA860	3,495,934	1,720	1,720	-	860	860	-
Daily subsistence allowance	56p/dXUA198X	22,536,582	11,088	11,088	-	5,544	5,544	-
<b>Sub-total</b>		<b>54,044,707</b>	<b>26,590</b>	<b>26,590</b>	-	<b>13,295</b>	<b>13,295</b>	-
<b>1.3 Department of National Planning</b>								
<b>Consultancy Services</b>								
1.3.1 Situation Analysis Study for restructuring and Strengthening of the Planning Commission	25p/dXUA463	23,540,647	11,582	11,582	-	11,582	-	-
1.3.2 Workshop to discuss the findings and recommendations of the study		6,097,560	3,000	3,000	-	3,000	-	-
1.3.3 Review of current legal framework and preparing new act	13p/dXU231	6,119,918	3,011	3,011	-	3,011	-	-
1.3.4 Workshop to discuss the draft Act		5,595,528	2,753	2,753	-	2,753	-	-
<b>Sub-total</b>		<b>41,353,652</b>	<b>20,346</b>	<b>20,346</b>	-	<b>20,346</b>	-	-
<b>Training</b>								
1.3.5 Long-term Course in Development Planning and Macroeconomics of Poverty	1pXUA9927	20,176,826	9,927	9,927	-	9,927	-	-
1.3.6 Short-term courses in Budgeting and Public Finance Management	3pXUA2647	16,140,241	7,941	7,941	-	2,647	2,647	2,647
<b>Sub-total</b>		<b>36,317,067</b>	<b>17,868</b>	<b>17,868</b>	-	<b>12,574</b>	<b>2,647</b>	<b>2,647</b>
1.3.7 Office equipment and Vehicle		81,300,080	40,000	40,000		40,000	-	-
<b>Total Ministry of Finance and Economic Affairs</b>		<b>306,871,190</b>	<b>190,981</b>	<b>190,981</b>	<b>0</b>	<b>149,303</b>	<b>39,030</b>	<b>2,647</b>
<b>2. OFFICE OF DIRECTOR OF PUBLIC PROSECUTION (DPP)</b>								
<b>2.1 Training of Trainees of the DPP Law Resource Centre</b>								
2.1.1 Two persons training leading to Master Law		46,138,204	22,700	22,700	-	11,350	11,350	-
2.1.2 Six regional short-term training		30,487,800	15,000	15,000	-	5,000	5,000	5,000
<b>Sub-total</b>		<b>76,626,004</b>	<b>37,700</b>	<b>37,700</b>	-	<b>16,350</b>	<b>16,350</b>	<b>5,000</b>
<b>2.2 Office Equipment and Furniture</b>		99,593,480	49,000	49,000	-	<b>49,000</b>	-	-
<b>Sub-total</b>		<b>99,593,480</b>	<b>49,000</b>	<b>49,000</b>	-	<b>49,000</b>	-	-
<b>2.3 Consultancy Services</b>								

2.3.1 Development of Curriculum	25p/dXUA151	7,686,991	3,782		3,782	3,782	-	-
2.4 Development of Training Materials	40p/dXUA151	12,296,746	6,050		6,050	6,050	-	-
2.5 Preparation of Brochures and information kit							-	-
2.5.1 Consultancy Services	15p/dXUA151	4,611,788	2,269		2,269	2,269	-	-
2.5.2 Printing 2000 brochures		9,605,690	4,726		4,726	4,726	-	-
2.6 Consultancy to review policy and law on key economic and financial crimes	60p/dXUA232	28,247,963	13,898		13,898	13,898	-	-
2.4 Stakeholder Input and Dissemination		18,292,680	9,000		9,000	9,000	-	-
<b>Sub-total</b>		<b>80,741,857</b>	<b>39,725</b>		<b>39,725</b>	<b>39,725</b>	-	-
<b>Total Department of Public Prosecution</b>		<b>256,961,341</b>	<b>126,425</b>	<b>86,700</b>	<b>39,725</b>	<b>105,075</b>	<b>16,350</b>	<b>5,000</b>
<b>3.0 JUDICIARY ZANZIBAR</b>								
3.1 Training								
3.1.1 Training on L.M.M in Commercial Law								
Tuition fees	2PXUA1234	5,016,259	2,468	-	2,468	1,234	-	1,234
Daily subsistence allowance (DSA)	24p/mXUA283	13,804,876	6,792	-	6,792	3,396	-	3,396
Book allowance	2pXUA100	406,504	200	-	200	100	-	100
3.1.2 Training on Diploma in Law								
Tuition fees	2pXUA945	3,843,495	1,891		1,891	945		945
Daily subsistence allowance (DSA)	24p/mXUA283	13,804,876	6,792	-	6,792	3,396	-	3,396
Book allowance	2pXUA100	406,504	200	-	200	100	-	100
3.1.3 Two day seminar for Court Clerks on Case Management		40,327,229	19,841	-	19,841	9,920	-	9,920
3.1.4 Two day seminar for magistrates on information technology and the Law		40,327,229	19,841	-	19,841	9,920	-	9,920
<b>Sub-total</b>		<b>98,709,334</b>	<b>58,025</b>	<b>-</b>	<b>58,025</b>	<b>29,011</b>	<b>-</b>	<b>29,011</b>
3.2 Office equipment and furniture								
3.2 Office equipment and furniture		26,020,321	12,802	12,802	-	12,802	-	-
<b>Total Judiciary Zanzibar</b>		<b>124,729,655</b>	<b>70,827</b>	<b>12,802</b>	<b>58,025</b>	<b>41,813</b>	<b>-</b>	<b>-</b>
<b>4.0 ATTORNEY GENERAL'S CHAMBERS</b>								
4.1 Local Workshop on Money-Laundering		60,975,600	30,000	-	30,000	30,000	-	-
4.2 Printing and dissemination of the Money-Laundering Act		22,357,720	11,000	-	11,000	11,000	-	-
4.3 Short-term course on money-laundering	240p/dXUA	52,178,853	25,672	-	25,672	25,672	-	-
<b>Total Attorney General's Chambers</b>		<b>135,512,173</b>	<b>66,672</b>	<b>-</b>	<b>66,672</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>5.0 PIU OPERATING COSTS</b>								
5.1 Wideband Internet connection		14,227,640	7,000	-	7,000	7,000	-	-
5.2 Staff allowances	36p/mXUA660	48,292,675	23,760	-	23,760	7,920	7,920	7,920
5.3 Annual Audit	3yearsXUA 12000	73,170,720	36,000	-	36,000	12,000	12,000	12,000
5.4 Running expenses	36p/mXUA1300	25,609,752	47,738	-	47,738	15,913	15,913	15,913
<b>Total Zanzibar PIU expenses</b>		<b>242,601,587</b>	<b>114,498</b>	<b>-</b>	<b>114,498</b>	<b>42,833</b>	<b>35,833</b>	<b>35,833</b>
<b>GRAND TOTAL ZANZIBAR COMPONENT</b>		<b>2,329,420,359</b>	<b>1,146,075</b>	<b>460,581</b>	<b>685,494</b>	<b>840,082</b>	<b>166,225</b>	<b>37,922</b>

**SUMMARY COST BY COMPONENT (000 UA)**

Component	Total Cost	Foreign Exchange	Local Currency					
A. Financial Integrity and Accountability	3.908	1.409	2.499					
B. Economic Management	0.776	0.659	0.117					
Project Coordination Unit	0.230	0.000	0.233					
<b>Base Cost</b>	<b>4.914</b>	<b>2.068</b>	<b>2.846</b>					
<b>Contingency (10%)</b>	<b>0.546</b>	<b>0.157</b>	<b>0.389</b>					
<b>Total Project Cost</b>	<b>5.460</b>	<b>2.225</b>	<b>3.235</b>					

**Extract of Review of Tanzania Financial Management System**

**B.4 Financial Management and Disbursement arrangements**

The financial management system review of ISP II covered the evaluation of adequacy of its Accounting system (including information system and staffing, budgeting, internal control (including accounting procedures and Internal Audit and Audit Committee), financial reporting, External audit, Disbursement and Funds flows procedures, the oversight role of the Internal Audit Department, the External auditors and the Audit Committee. The purpose is to get assurance on the adequacy of the features, controls and procedures in ensuring that the project resources will be used only for the purposes for which the funds were intended with due regard to efficiency and economy during project implementation and beyond.

**Accounting System**

The prevailing accounting policies and procedures are in line with the national accounting standards as well as IPSAS. The project code and chart of accounts will be modified to meet the specific needs of the new project and documented in the manual of procedures. In Tanzania mainland PPRA is currently running a parallel system (manual and computerized) with expectation of adopting the computerized system before the commencement of the new project. The Computerized system ( SAGE Accpac is able to integrate budgeting, operating and cost accounting system to facilitate prompt monitoring , evaluation and reporting. It will also minimize errors and omission usually associated with the manual system. The finance team (comprise of well qualified staffs) is headed by the Director of Finance, assisted by the Chief Accountant and two accounts. PPRA is in progress to recruit two more accountants to strengthen the team. In Zanzibar the current project was using a manual system which was prone to errors and omission. One finance staff who is also the Assistant Accountant General was assigned to manage the finance functions. This led to weakness in the internal control system. In the new project, the PCU expects to use accounting package (Quick book) that integrates the budgeting, operation and costing system. In addition a qualified finance staff will be permanent allocated to the project to assist the Financial Officer.

**Budgeting**

In Tanzania mainland the current practice is that PCU through the finance team prepares the annual work plan and budget (consolidated into a single document) and submit it to the management of PPRA for approval. Thereafter the consolidated document is submitted to the Bank for approval through the Ministry of Finance and Economic Affairs. For the purpose of this project the Finance team will prepare their annual work plan and budgets (consolidated into one document) incorporating other beneficiaries for implementing project activities taking into account the project components. The work plan and budgets will identify the activities to be undertaken and roles of the respective parties in implementation. The consolidated annual work plan and budgets will be submitted to the steering committee for approval, and thereafter to the Bank for approval not later than December 31 of the year preceding the financial year they relate. In Zanzibar the current

practice is the same as what is proposed for the new project, they will only need to submit their annual work plan and budget to the Bank for approval not later than December 31 of the year proceeding the financial year they relate.

### **Internal control and Internal Audit**

Currently the project (Tanzania mainland and Zanzibar) use Accounting and Administrative procedure manuals designed for whole ministry/ Institution. There is no specific project manual. Therefore for this purpose, an Accounting, Financial and administrative procedures manual, being an integral part of the project execution should be created to document, explain and describe work processes, information flow, authorization and delegation of authority, job segregation, auto and sequential control and compliance with project objectives.

In Tanzania Mainland the PPRA has an internal Audit Department which is headed by a qualified Chief internal Auditor, assisted by one qualified staff. The Chief Internal Auditor reports administratively to Chief Executive Officer and functionally to the Audit Committee of the Board. The department is understaffed and the management is planning to recruit two more auditors. The Internal Audit findings and recommendations are submitted to the Audit committee for discussion and getting directives / action plan to implement or remedy to the problem. The Internal Audit will continue to audit the project under the existing arrangement.

In Zanzibar the project is audited by the Chief internal auditor reporting administratively to the permanent Secretary and functionally to the Audit committee. The Audit Committee as in Tanzania Mainland will discuss the internal audit findings and recommendations and gives directives/ action plan to implement or resolve issues. The main task of the internal audit team will be to periodically carry out assessment on the strength and weakness of the internal control system and review eligibility of expenses incurred by the project. All deficiencies or circumvented practices identified should be communicated in a timely manner to the overall senior management of the project, mainly the steering committee.

The two audit committees should also continue to meet regularly at least quarterly or at the request of the Chair person for emergency meetings.

### **Financial Reporting**

The current project has been preparing quarterly and annual reports in accordance to the bank requirements. The quarterly IFR includes the following financial statements: statement of source and use of funds; statement of expenditures classified by project components and or disbursement category; showing comparison with budgets for the reporting quarter and cumulatively for the project life; cash forecast; explanatory notes to the IFR; special Account activity statement; the consolidated quarterly IFR should be prepared and submitted to the bank within 30 days after the end of each calendar quarter.

In compliance with International Accounting standard the new project should continue to produce annual financial statements. These include: (i) a Balance Sheet that shows Assets and Liabilities; (ii) a statement of sources and uses of funds showing all the sources of project funds, expenditure analyzed by project component and or category (iii) a Special account activity statement ; (iv) a Summary of withdrawals using SOE, listing individual

withdrawal applications by reference number, date and amount; and (v) Notes related to significant accounting policies and accounting standards adopted by management and underlying the preparation of financial statements. The financial statement will constitute the entry point of the external auditor's annual diligence.

### **External Audit**

Although statutory the CAGs of Zanzibar and Tanzania mainland are required to Audit the financial statements of the respective portion, the current practice has been that they have been short listing three (3) audit firms and providing them to the PCU. The PCU would then proceed using the national procurement procedures and Bank rules that includes getting a no objection. This arrangement will continue under the new project as both CAGs are beneficiaries to the project. This will mitigate the issue of conflict of interest. The PCU should avail to the selected auditor a copy of the *Bank Group's TOR for external auditors of the Bank financed Projects*. The private auditors will be paid from the loan resources.

The annual audited financial statements together with the auditor's report and management letter will be submitted to the Bank no later than six months after the end of each fiscal year. The audit should cover all aspects indicated in the Bank Group's TOR for external auditors of Bank financed projects.

### **Funds flow and Disbursement procedures**

The current project has been receiving funds from the Bank using the Special Account. The new project will also use the same method. The Executing Agencies will open two convertible foreign exchange accounts, one for the Mainland Component and the other for the Zanzibar Component, in a bank acceptable to the ADF for this purpose. The loan resources required to meet the ADF's share will be deposited in the special accounts and will be operated as a revolving fund. The ADF will replenish the special accounts at the request of the Executing Agency against withdrawal applications supported by appropriate documents as specified in the Disbursement letter and also after sufficient justification for the use of at least 50% of the previous deposit has been provided.

Direct Payment Method may be used where large disbursements are involved, in line with the Fund's disbursement procedures.

### **Strength and weaknesses of the system**

The strength is derived from the fact that the new project will be managed by the same PCU who have gained experience in managing the previous project. The project is adequately staffed with well qualified staff. The major weakness is that Zanzibar did not allocate a permanent finance staff to the project resulting into poor filing, and maintenance of financial records. The Internal audit department which is very important component of internal control is understaffed. The department should be given priority in the recruitment process.

**Technical Annex VIII**

**Procurement Arrangement**

1. Procurement of goods and services financed by the Bank will be in accordance with the Bank's Rules and Procedures for the Procurement of Goods and Works or Rules and Procedures for the Use of Consultants, using the relevant Bank Standard Bidding Documents. The two PCUs (4.1.2 – 4.1.3) will be responsible for the procurement of goods, consulting services, training arrangements and miscellaneous/operating items. The PCUs will be adequately resourced and staffed to undertake procurement activities for Mainland and Zanzibar respectively.

**Table 4.1(a) Summary of Procurement Arrangements – Mainland Tanzania (UA Million)**

Category	ICB	NCB	Shortlist	Other	Total
<b>1. Goods</b>					<b>(0.912)</b>
1.1 Computers, IT and Office Furniture		(0.686) 0.686			(0.686)
1.3 Five 4-WD Vehicles		(0.226) 0.226			(0.226)
<b>2. Consulting Services</b>					<b>(2.076)</b>
2.1 Preparation of M&E Manual (MoFEA)			(0.081) 0.081		(0.081)
2.2 Technical Assistance			(1.959) 1.959		(1.959)
2.3 Auditing Services			0.036 0.036		(0.036)
<b>3. Training</b>					<b>(1.198)</b>
3.1 Workshops and Study Tours				(0.443) 0.443	(0.443)
3.2 Short-term Courses				(0.741) 0.741	(0.741)
3.3 Long-term Courses				(0.014) 0.014	(0.014)
<b>4. Operating Costs</b>				0.140 0.140	<b>0.140</b>
<b>Total Project Cost</b>		<b>(0.912) 0.912</b>	<b>(2.076) 2.076</b>	<b>0.140 (1.198)</b>	<b>4.328 (4.190)</b>

**Table 4.1(b) Summary of Procurement Arrangements – Zanzibar (UA Million)**

Category	ICB	NCB	Shortlist	Other	Total
<b>1. Goods</b>					<b>0.246 (0.246)</b>
Equipment					
1.1 Computers, IT and Office Furniture		(0.206) 0.260			(0.206)
1.3 One 4-WD Vehicles		(0.040) 0.040			(0.040)
<b>2. Consulting Services</b>					<b>(0.331)</b>
2.1(i) Review of the Procurement Act			(0.068) 0.068		(0.068)
(ii) Registration of Business Manual			(0.048) 0.048		(0.048)
(iii) Situation Analysis Study (Planning)			(0.020) 0.020		(0.020)
(iv) DPP Development of Curriculum			(0.040) 0.040		(0.040)
2.2 Technical Assistance			(0.119) 0.119		(0.119)
2.3 Auditing Services			0.036 0.036		0.036
<b>3. Training</b>					<b>0.440</b>
3.1 Workshops and Study Tours				(0.115) 0.115	(0.115)

3.2 Short-term Courses				(0.146) 0.146	(0.146)
3.3 Long-term Courses				(0.138) 0.138	(0.138)
4. Operating Costs				0.114 0.114	<b>0.114</b>
Total Project Cost		(0.246) 0.246	0.036 (0.331)	( 0.399) 0.114	<b>1.132 (1.006)</b>

2. Goods: Contracts for goods covering Office Equipment, Vehicles and MIS Equipment totaling UA 1.159 million and valued above UA 20,000 and less than UA 100,000 per contract will be procured through National Competitive Bidding procedures. The goods are available locally and there are adequate suppliers to ensure competitive prices. Contracts for goods valued below UA 20,000, characterized as miscellaneous, will be procured through Shopping. This is because the items are small in value and are readily available locally.

3. Consultancy Services: Consulting services for Tanzania Mainland valued at UA 2.076 million in aggregate and Zanzibar valued at UA 0.331 million in aggregate will be carried out by firms and individual consultants. The process for selecting firms shall be through short list and the selection methods shall be as summarized in the table below. However, for individual consultants, the selection method shall be through the Bank's procedure for selection of individual consultants. For contract amounts valued at less than UA 0.100 million for firms and UA 0.050 million for individuals, the Borrower may limit advertisement of the procurement to national or regional newspapers. However, any eligible consultant, regional or not, who wishes to provide the requested services, may express his desire to be short-listed. For contract amounts valued at more than UA 0.100 million for firms and UA 0.050 million for individuals, advertisement of the procurement must be placed in the UNDB online and ADB website.

Description	Total Amount (UA million)	ADF Allocation	Selection Method	Justification
<b>Tanzania Mainland</b>				
(i) Preparation of M&E manual	0.081	0.081	Selection of Individual Consultants	Individual Consultants and amount involved per contract is less than UA 50,000.
(ii) Technical Assistance	1.959	1.959	QCBS/CQS/Selection of Individual Consultants	About eight (8) Individual contracts for firms valued each at less than UA 0.2 million and about five (5) contracts for individual consultants valued at UA 20,000.
<b>Zanzibar</b>				
(i) Review of the Procurement Act	0.068	0.068	International Selection of Individual Consultant	Individual Consultant and amount <i>more</i> than UA 50,000

(ii) Prep. of Business Reg. Manual	0.048	0.048	National/Regional CQS Selection of Individual Consultant	Individual Consultant and amount <i>less</i> than UA 50,000
(iii) Situation Analysis Study	0.020	0.020		Individual Consultant and amount <i>less</i> than UA 50,000
(iv) DPP Curriculum Development	0.040	0.040	National/Regional CQS Selection of Individual Consultant	Individual Consultant and amount <i>less</i> than UA 50,000
			National/Regional CQS Selection of Individual Consultant	
Audit Services				
Tanzania Mainland	0.036	0.036	LCS	Shortlist
Zanzibar	0.036	0.036		

4. Training and Workshops: procurement of various training and workshops, including participatory budgeting, auditing, parliamentary capacity building, and procurement, will be carried out by individual consultants and local training institutions through contracts totaling UA 1.198 million and UA 0.440 million for Tanzania Mainland and Zanzibar respectively. The selection method shall be Quality and Costs Based Selection, Consultants, Qualifications and Single Source for firms and Selection of Individual Consultants for individual consultants. For contract amounts valued at less than UA 0.100 million for institutions and UA 0.050 million for individuals, the Borrower may limit advertisement of the procurement to national or regional newspapers. However, any eligible consultant, regional or not, who wishes to provide the requested services, may express his desire to be short-listed. PCUs will prepare respective annual training / workshops plans and budget (for Tanzania Mainland and Zanzibar parts of the project) which will be submitted to the Bank for prior review and approval. The annual training plan will include: (i) the proposed training; (ii) the justification for the training and how it will lead to effective project performance and outcomes; (iii) the personnel to be trained; (iv) the estimated cost of training. Upon completion of training the trainees and trainers will be required to prepare a report on the training received. The selection of candidates for training shall be done through Government procedures and these procedures shall ensure equal opportunity to all eligible participants.

5. General Procurement Notice: The text of a General Procurement Notice (GPN) will be agreed with the Government during loan negotiations and it will be issued for publication in UN Development Business Journal online and on the Bank's web site, upon approval by the Board of Directors of the Loan Proposal.

6. Review Procedures: the following documents are subject to review and approval by the Bank before promulgation: i) General Procurement Notice, ii) Specific Procurement

Notices, iii) Tender Documents or Requests for Proposals from Consultants, iv) Tender Evaluation Reports or Reports on Evaluation of Consultants' Proposals, including recommendations for Contract Award, v) Draft contracts, if these have been amended from the drafts included in the tender invitation documents, vi) Reports on Evaluation of Consultants' Financial Proposals, including recommendations for Contract award, minutes of negotiations and duly initialed contracts documents.

7. Implementing Agencies: Implementing Agencies will be PPRA (for Mainland) and the MoFEA (for Zanzibar). These institutions will be responsible for procurement of goods, consulting and training services. The resources, capacity, expertise and experience of the agencies have been reviewed and are determined to be adequate to carry out the procurement activities required for the project. These institutions were effective during implementation of ISP I and were recommended to implement ISP II based on their past experiences in managing Bank financed projects.

8. Procurement Plan: The Implementing Agencies will prepare the respective procurement plans with procurement arrangements for the first 18 months each, in conformity with the Loan Protocol Agreement (to be negotiated) and accepted by the Bank. The IAs shall update the Procurement Plan on an annual basis or as needed always covering the next 18 months period of project implementation. Thereafter, any revisions proposed to the Procurement Plan shall be furnished to the Bank for its prior approval.

9. National Law and Regulations: the government has undertaken a review of its procurements system culminating in procurement being a major component of the Public Financial Management Reform Program. Significant process has been achieved in legislative and institutional reforms pertaining to procurement, in accordance with the 2004 national Procurement Act. The main challenge in the area of public procurement is improving the compliance rate of public entities in MDAs. The Bank is currently assessing the Country Procurement systems with a view to helping deepen reforms as a basis of the use of country systems in accordance with the Accra Agenda for Action.

**TANZANIA : INSTITUTIONAL SUPPORT PROJECT FOR GOOD GOVERNANCE,**

**PHASE II**

**OUTCOME OF NEGOTIATIONS**

1. The delegations of the United Republic of Tanzania and the African Development Bank have successfully completed the Negotiations which took place on 20 August 2010.
2. The two parties agreed on the project objectives, components, financing plan, conditions and terms of the ADF loan as stated in the Project Appraisal Report (PAR), draft Loan Agreement and Disbursement Letter.
3. Minor editorial changes have been incorporated in the Appraisal Report.

# **AFRICAN DEVELOPMENT FUND**

## **BOARD OF DIRECTORS**

### **Resolution N° F/TZ/2010/24**

Adopted by the Board on a lapse of time basis, on 20 September 2010

### **Loan to the United Republic of Tanzania to finance the entire foreign currency cost of the Institutional Support Project for Good Governance II**

#### **THE BOARD OF DIRECTORS,**

**HAVING REGARD** to Articles 1, 2, 11, 12, 14, 15, 16 and 26 of the Agreement Establishing the African Development Fund (the "Fund"), the ADF-11 financing guidelines provided in the Report on the Eleventh General Replenishment of the Resources of the Fund, the currently applicable ADF-11 Country Resource Allocation, and the Appraisal Report contained in document ADF/BD/WP/2010/86/Approval (the "Appraisal Report");

**NOTING** the availability of sufficient resources to enable the Fund to commit the amount of the Loan;

**DECIDES** as follows:

1. To grant to the United Republic of Tanzania, from the resources of the Fund, a Loan of an amount not exceeding the equivalent of Five Million Two Hundred Thousand Units of Account (UA 5,200,000) to finance the entire foreign currency cost of the Institutional Support Project for Good Governance II.
2. To authorize the President to conclude a Loan Agreement between the Fund and the United Republic of Tanzania on the terms and conditions specified in the General Conditions Applicable to Loan Agreements and Guarantee Agreements of the Fund, the Appraisal Report and in particular, the terms and conditions specified herein below:
  - (i) The duration of the Loan shall be fifty (50) years including a grace period of ten (10) years commencing the date of signature of the Loan Agreement, and during the grace period, only the service charge and the commitment charge shall be payable;
  - (ii) The Loan shall be amortized over a period of forty (40) years after the expiration of the grace period, at the rate of one percent (1%) per annum from the 11<sup>th</sup> to the 20<sup>th</sup> year inclusive and at the rate of three percent (3%) per annum thereafter, in equal and consecutive semi-annual instalments payable on 1<sup>st</sup> April and 1<sup>st</sup> October of each year, and the first of such instalments shall be paid on the 1<sup>st</sup> April or 1<sup>st</sup> October immediately following the expiration of the grace period;
  - (iii) A service charge at the rate of three-quarters of one percent (0.75%) per annum on the principal amount disbursed and outstanding shall be paid semi-annually on 1<sup>st</sup> April and 1<sup>st</sup> October of each year; and
  - (iv) A commitment charge at the rate of one-half of one percent (0.50%) per annum on the undisbursed portion of the Loan shall begin to accrue one hundred and twenty (120) days after the date of signature of the Loan Agreement and shall be paid on the same dates specified for the payment of the service charge;
3. The President may cancel the Loan if the Loan Agreement is not signed within one hundred and eighty (180) days from the date of approval of the Loan; and
4. This Resolution shall become effective on the date above-mentioned.