AFRICAN DEVELOPMENT BANK
AFRICAN DEVELOPMENT FUND

UNITED REPUBLIC OF TANZANIA

COUNTRY GOVERNANCE PROFILE

COUNTRY OPERATIONS DEPARTMENT, ONCF
NORTH, EAST AND, SOUTH REGION

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<tr>
<td>AIDS</td>
<td>Acquired Immunity Deficiency Syndrome</td>
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<td>ALAT</td>
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<td>ANGOZA</td>
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<td>ATIP</td>
<td>Accountability, Transparency and Integrity Project</td>
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<td>BAWATA</td>
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<td>BEST</td>
<td>Business Environment Strengthening for Tanzania</td>
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<td>Public Accounts Committee</td>
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PCIC : Presidential Commission of Inquiry against Corruption
PER : Public Expenditure Review
PETS : Public Expenditure Tracking Survey
PFMRP : Public Finance Management Reform Programme
POLIS : Parliamentary On-Line Information System
PO-PSM : President’s Office-Public Service Management
PO-RALG : President’s Office-Regional Administration and Local Government
PPA : Public Procurement Act
PRBS : Poverty Reduction Budget Support
PRSP : Poverty Reduction Strategy Programme
PSDS : Private Sector Development Strategy
PSRC : Parastatal Sector Reform Commission
PSRP : Public Sector Reform Programme
RGZ : Revolutionary Government of Zanzibar
RMCs : Regional Member Countries
SADC : Southern Africa Development Community
SAL : Structural Adjustment Loan
SME : Small and Medium Scale Enterprise
TAMWA : Tanzania Media Women Association
TANESCO : Tanzania Electricity Supply Company
TAS : Tanzania Assistance Strategy
TI : Transparency International
TZS : Tanzanian Shilling
UA : Unit of Account
UNDP : United Nations Development Programme
UNECA : United Nations Economic Commission for Africa
URT : United Republic of Tanzania
US $ : United States Dollar
USAID : United States Agency for International Development
USIS : United States Information System
VFM : Value for Money
WID : Women in Development
ZGGSP : Zanzibar Good Governance Strategic Plan
ZPRP : Zanzibar Poverty Reduction Plan
EXECUTIVE SUMMARY

1. **Introduction:** The Bank Group has become increasingly involved in the promotion of good governance in Regional Member Countries (RMCs) as part of its mandate to reduce poverty. The Bank Group adopted a governance policy in 1999 to guide its intervention in the area of governance. Both the Bank Group Vision Statement and the Strategic Plan for the period 2003-2007 emphasize good governance in RMCs as an important pillar in the fight against poverty. In order to effectively implement the Bank Group’s policy on governance, the Bank Group has launched the preparation of Country Governance Profiles (CGP) in RMCs. The CGP is intended as a tool for diagnosing the governance situation in RMCs with a view to improving the focus and effectiveness of Bank Group assistance for good governance. The CGP also aims to enrich dialogue with RMCs on key governance issues as well as to provide a valuable input into the preparation of Country Strategy Papers.

2. **Background:** The United Republic of Tanzania was formed out of the union of two sovereign states namely Tanganyika and Zanzibar in 1964. The Act of Union spells out the functions that are considered as union matters and those that fall under the responsibility of each member. This profile recognises that most governance issues are non-union matters, and to the extent possible, attempts to include a discussion of the issues as they relate to Tanzania mainland and to the island of Zanzibar.

3. **Purpose of the Profile:** The overall objective of the Profile is to provide a comprehensive analysis of the major governance issues that Tanzania faces and to identify the most appropriate areas for the Bank Group’s intervention. The profile was prepared after wide consultations with stakeholders including Government officials, development partners, civil society and private sector. It also draws from existing governance-related work carried out by the Government and other organisations.

4. **Status of Major Governance Issues:** The assessment of the status of governance in Tanzania is organised along the five elements of good governance that are emphasised in the Bank Group’s policy on good governance namely: accountability, transparency, combating corruption, stakeholder participation, and the legal and judicial framework.

5. With regard to **accountability**, an assessment is made of various issues including public sector management, budget management, public financial management, public procurement, public sector accounting, public sector management and corporate governance. In all these areas, the report documents the efforts that the Government has been making to enhance the status mainly through launching of various programmes and initiatives. These include the Public Sector Reform Programme, Public Expenditure Reviews, the adoption of Medium Term Expenditure Framework, the Public Finance Management Reform Programme, the Private Sector Development Strategy, the Business Environment Strengthening for Tanzania. On the whole, these initiatives have proved useful in enhancing accountability in the public sector in the mainland. However, Zanzibar has tended to lag behind and progress has been minimal.

6. As concerns **transparency**, the profile assesses information disclosure and fiscal transparency. With respect to information disclosure, it is noted that while access to information and freedom and independence of the media constitute part of the fundamental human rights under the Constitution of the United Republic of Tanzania, the extent to which this is guaranteed is questionable. The main problem, however, is poor media capacity. Journalists are under-trained and underpaid, and there is a
serious dearth of well-trained, professional journalists. Another shortcoming of the media is the over-concentration in Dar es Salaam. As for fiscal transparency, there is a general feeling among observers that generally the situation is improving. This is mainly a result of major reforms undertaken in the modernisation of the budget process, involving budget formulation, execution and control, the enhancement of the legal framework for financial management and institution building in the budgetary process as part of the overall economic reforms in the country. In Zanzibar, however, there are some legal barriers that potentially make it impossible or difficult to access information on public sector financial management.

7. The assessment regarding the extent of stakeholders’ participation considers various issues such as the electoral process, the involvement of civil society organisations and non-government organisations, decentralisation, and gender issues. There is evidence that Tanzanians exercise their constitutional and statutory guarantees of political rights when it comes to voting and are very active in mobilised form of participation, especially in membership of political parties. The situation with regard to Civil society Organisations (CSOs) and Non-Governmental Organisations (NGOs) is that they appear to be rather weak due to relative lack of autonomy and limited, if any, presence beyond Dar es Salaam. While it is commendable that the Government enacted the NGO Act in 2002 to provide the legal framework for registration and establishment of NGOs and CBOs, most policy analysts feel that that the Bill fell far short of international standards for guaranteeing freedom of association and expression and that it contains the scope for imposing strict Government control over the operation of NGOs. As concerns decentralisation, the Government has initiated reforms through the Local Government Reform Programme (LGRP). Generally, the LGRP seems to be broadly on track and changes are taking place to devolve and decentralise power to the citizens. In the case of Zanzibar, however, the process has not yet been started and there is a need for the RGZ to undertake necessary analytical work and prepare a reform programme along the framework undertaken in the mainland. With respect to gender issues, there is evidence that while the authorities in the mainland and in Zanzibar have signed various conventions recognising the importance of advancing women’s empowerment, there is still evidence of gender imbalance whereby women still lag far behind men in many sectors of society.

8. The analysis of the legal and judicial framework notes that the Judiciary is relatively independent. This is guaranteed by the Constitution, the process of appointment and security of tenure. However, the efficiency of the Judiciary is compromised by poor remuneration, uncomfortable working conditions and poor infrastructure. These problems tend to undermine the integrity of the Judiciary and the legal system as a whole and the net effect is the prevalent corruption in the overall judicial system. However, the Profile notes that the Government has initiated the Legal Sector Reform Programme (LSRP) to address problems such as the low quality of legal services available to the population, a fragmented, excessively bureaucratic and outdated legal and regulatory framework and unethical conduct among judicial staff. Progress in the implementation of the LSRP has however been slow and the Government is working with some development partners to revamp the programme. In the case of Zanzibar, which has a distinct and separate legal system, the sector has to contend with a variety of problems such as dilapidated court buildings; a critical shortage of skilled manpower at professional level and supporting staff; a critical shortage of basic equipment, transport and library facilities. While the authorities plan to undertake legal sector reforms under the Good Governance Reform Programme, unfortunately very little has been done to address these problems.
9. With regard to combating corruption, the profile notes the Government has in recent years undertaken a number of initiatives to reduce the vice. The measures include launching of the National Anti-Corruption Strategy and Action Plan (NASCAP); establishment of the Ethics Secretariat; and strengthening the Prevention of the Corruption Bureau (PCB). However, in spite of these initiatives, corruption remains a problem in Tanzania. According to the Transparency International (TI), the country still ranks poorly in terms of corruption. In 2002, the corruption perception index was 2.7. It declined to 2.5 in 2003 before improving again to 2.8 in 2004. This poor ranking implies that while oversight agencies and the framework to deal with corruption have been instituted, there are still shortcomings that need to be addressed. With regard to Zanzibar, Transparency International does not provide reports that are specific to the island. However, it is reasonable to assume that the problem is as severe as in the mainland. Indeed, many of the factors that contribute to the development of corruption exist in Zanzibar. These include poverty; low institutional capacity of enforcement and regulatory agencies; political interference; low public awareness; greed and abuse of power; incompetence; poor discipline; conflicting, outdated or incomplete legislation and lack of adequate systems, procedures and guidelines.

10. The Government’s Governance Agenda: The Development Vision 2025 that was launched in 1999 to guide economic and social development efforts up to the year 2025 provides the framework for the Government’s governance agenda in the mainland. Within this framework the Government aims at achieving four broad outcomes namely: (i) peace, political stability, national unity and social cohesion; (ii) democracy, political and social tolerance; (iii) good governance and the rule of law; and (iv) accountability of leaders and public servants. On the whole, therefore, the Government’s governance agenda is comprehensive and well focused. It is commendable that the Government has recognised that in order for broad based growth and improvement of quality of life to be realised, good governance has to prevail. The agenda indeed addresses all relevant issues including economic structures and processes, management systems, personal security, tolerance and inclusion, and participation in decision making.

11. In the case of Zanzibar, the Government’s governance agenda is spelt out in the Zanzibar Vision 2020 and in the Zanzibar Poverty Reduction Plan and the Government has formulated a Good Governance Reform Programme. The Programme aims at building and promoting a sustainable culture of governance in the island. The main objectives are: (i) to improve the legal system and access to justice; (ii) to improve Government integrity, transparency and accountability; (iii) to promote participatory democracy; and (iv) to enhance political stability and tolerance. The Government’s governance agenda is clear and well articulated. It shows a recognition of the major governance issues that are important to address in order to reduce poverty and improve the quality of life for the population. While these are challenging issues, it is commendable that the Government has made the first step towards addressing them by spelling them out in its governance agenda.

12. The Scope for Bank Group Support in Governance: It is obvious that Tanzania faces some challenges in improving the governance framework in the areas of accountability, transparency, stakeholders’ participation, combating corruption, and legal and judicial system. It is also noteworthy that the Government has demonstrated its commitment to address these issues in order to accelerate progress towards the objective of poverty reduction, as evidenced by its comprehensive governance agenda. While the Bank Group recently approved an institutional support project aimed at enhancing good governance, there is scope for further intervention. Indeed, the current governance agenda
represents an adequate framework within which the Bank Group can channel further support. However, it is important to distinguish the role that the Bank Group can play in the mainland and in Zanzibar. In the mainland, a case can be made for the Bank to play a more active role in the policy dialogue process on governance issues, especially through the newly opened Country Office. In Zanzibar, the Bank could play a lead role and provide support in areas such as reforms in the civil service, local government, privatisation and public sector management and the formulation of an Anti Corruption Strategy.

13. Conclusion and Recommendation: Given the comprehensive governance framework that exists in mainland Tanzania and in Zanzibar, it recommended that the Bank Group should support the Government in its efforts to implement its programme on good governance. While needs exist in both cases, the situation in Zanzibar appears to be more critical as most donors are already involved in reform programmes in the mainland. In the mainland, the Bank Group can become more actively involved in the dialogue process, through membership in the Governance Working Group. In Zanzibar, the specific interventions could include: (i) funding a civil service reform study; (ii) funding a study on privatisation and restructuring of the remaining public enterprises; (iii) developing a policy for NGOs that will ultimately lead to enactment of an NGO Act; and (iv) Preparation of a Local Government Reform Policy and subsequently a Local Government Reform Programme along the framework undertaken in the mainland.
1. INTRODUCTION

1.1 Preamble

1.1.1 The Bank Group has become increasingly involved in the promotion of good governance in Regional Member Countries (RMCs) as part of its mandate to reduce poverty. The Bank Group adopted a governance policy in 1999 to guide its efforts in the area of governance. Both the Bank Group Vision Statement and the Strategic Plan for the period 2003-2007 emphasize good governance in RMCs as an important pillar in the fight against poverty. In order to effectively implement the Bank Group's policy on governance, the Bank Group has launched the preparation of Country Governance Profiles (CGP) in RMCs. The CGP is intended as a tool for diagnosing the governance situation in RMCs with a view to improving the focus and effectiveness of Bank Group assistance for good governance. The CGP also aims to enrich dialogue with RMCs on key governance issues as well as to provide a valuable input into the preparation of Country Strategy Papers.

1.1.2 In line with this framework, the overall objective of this Country Governance Profile for Tanzania is to outline the major governance issues and challenges facing the country. Towards this end, the CGP seeks to assess the existing governance situation in Tanzania and the policy institutional and legal framework for promoting good governance; and to propose appropriate areas of Bank Group intervention in support of good governance initiatives. The Profile was prepared following a preparatory mission that took place in Tanzania from 12th to 23rd July 2004 during which discussions were held with the Government as well as other major stakeholders, including the private sector, civil society and development partners. The analysis also draws from existing governance-related work carried out by the Government and other organizations. These include the IMF’s Report on Observance of Standards and Codes; the World Bank’s Country Financial Accountability Assessment, and the Country Procurement Assessment Report; the United Nations Economic Commission for Africa (UNECA) Governance Survey; and the United States Agency for International Development (USAID) Democracy and Governance Assessment.

1.2 Background

1.2.1 The United Republic of Tanzania was formed out of the union of two sovereign states namely Tanganyika and Zanzibar. Tanganyika became a sovereign state on 9th December, 1961 and became a Republic the following year. Zanzibar became independent on 10th December, 1963 and the People's Republic of Zanzibar was established after the revolution of 12th January 1964. The two Sovereign Republics formed the United Republic of Tanzania on 26th April, 1964. However, the Government of the United Republic of Tanzania (URT) is a unitary republic consisting of the Union Government and the Revolutionary Government of Zanzibar (RGZ).

1.2.2 The Act of Union spells out the functions that are considered as union matters and those that fall under the responsibility of each member. This separation is further elaborated in the Constitution of the United Republic of Tanzania that came into being in 1977. Under the Constitution, the union matters include: (i) Foreign Affairs; (ii) Defence and Security; (iii) Police; (iv) Emergency Powers; (v) Citizenship; (vi) Immigration; (vii) External borrowing and international trade; (viii) All matters concerning coinage, currency for the purposes of legal tender (including notes), banks (including savings banks) and all banking business; and foreign exchange; and (ix) Higher education. This means that while all mainland legislation bears the mark of the URT, it only applies to Zanzibar if it relates to union matters and effectively, Zanzibar does not routinely adopt union/mainland legislation on non-union matters.
1.2.3 The head of state is a President, directly elected by universal adult suffrage. Mwalimu Julius Nyerere was the country’s first President from independence until 1985 when he stepped down while still retaining the chairmanship of the ruling party, Chama Cha Mapinduzi (CCM). He was succeeded by Hassan Mwinyi, during whose tenure the Constitution of 1977 was modified to accommodate the introduction of a multiparty political system in 1992. Mwinyi was succeeded by the present incumbent, Benjamin Mkapa during the elections held in October 1995. He was re-elected in 2000 and since the President’s term of office is five years, renewable once only, Mkapa is not eligible for re-election in the next Presidential elections scheduled to be held in 2005.

1.2.4 As elected in 2000, the sole chamber, the National Assembly (Bunge) has 295 members serving a five-year term. This comprises 231 members who are directly elected, 48 women nominated by parties in proportion to their vote, 5 members nominated by the Government of Zanzibar, the Attorney General who has an ex-officio seat and 10 members who are appointed by the President. The ruling party, Chama Cha Mapinduzi (CCM) dominates the Parliament with 201 out of the 231 elected members. The next Parliamentary elections will be held in 2005 and it is widely expected that the CCM will retain its dominance.

1.2.5 Under the Constitution, Zanzibar has a separate directly elected President who is a member of the Cabinet of the URT. The current President is Amani Karume and was elected in 2000. The island also a 75-member House of Representatives, which is autonomous from the URT’s National Assembly. Unlike the mainland, Zanzibar has had to contend with political instability. The first multiparty elections in 1995 led to widespread violence and many donors halted assistance to the island. The situation has however started to normalise after the signing of a peace agreement in October 2001.

1.3 Outline

In recognition of the unique relationship that exists between the mainland and Zanzibar, the Profile makes a distinction in the analysis to the extent possible. However, in some areas, the discussion in the case of Zanzibar is hampered by lack of data and information. The Profile is therefore organised as follows: Chapter 2 offers an assessment of the major governance issues in the mainland while Chapter 3 considers the case of Zanzibar. The assessment is guided by the Bank Group policy on good governance that emphasizes five elements of good governance namely: accountability, transparency, combating corruption, stakeholder participation, and the legal and judicial framework. Chapter 4 discusses the Government’s governance agenda, again making a distinction in the two. The issue of donor coordination in governance and the scope for Bank Group intervention are discussed in Chapter 5 while Chapter 6 offers concluding remarks and recommendations.

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1 It is recognised that governance is a wide and complex issue that includes aspects like child labour, land tenure, and environment. While these issues are no doubt important, the discussion in this CGP focuses on the five elements that are emphasised in the Bank Group Policy.
2. AN ASSESSMENT OF MAJOR GOVERNANCE ISSUES IN THE MAINLAND

2.1 Accountability

Public Sector Management

2.1.1 The responsibility of managing the public service is vested in the President’s Office-Public Service Management (PO-PSM). According to the Presidential Order of 1993, the role of the PO-PSM is to implement the Public Service Reform Programme (PSRP) and its functions therefore include: (i) formulating, preparing and monitoring the implementation of administrative and personnel policies; and (ii) coordinating, monitoring and administering all matters related to human resource management such as recruitment, confirmation, appointments, promotions, training, discipline and termination.

2.1.2 The PSRP has its origins in the narrower Civil Service Reform Programme (CSRP) that was launched in 1993. The CSRP aimed at (i) redefining the roles and functions of the Government with a view to reducing the scope of Government operations to affordable levels; (ii) restructuring Government institutions to achieve efficiency and effectiveness in the delivery of public services; (iii) controlling the size and growth of Government employment so that the Government could afford to pay competitive remuneration to its employees; (iv) improving performance of civil servants through strengthening the systems and procedures for personnel recruitment, deployment, grading and promotions, training, and discipline; and (v) decentralizing executive responsibilities to local government by rationalising central and local government linkages, and supporting transfer of authority, responsibilities and resources to the districts.

2.1.3 As a result of the CSRP, the number of civil servants declined from a peak of 355,000 in 1992 to 264,000 by June 1999. Control over the wage bill improved, such that while the wage bill exceeded the budget level by 40% in 1994, it only exceeded by 2% in 1999. However, the programme was interrupted due to budget constraints, and the second phase of the reform resumed in June 2000, focusing on improving services and increasing salary scales. A performance management system was introduced to allow rationalization of Ministries’ functions, and the pay structure was rationalized. In addition, a Selective Accelerated Salary Enhancement (SASE) scheme funded by donors was introduced in key Government Ministries.

2.1.4 Several policy and legislative measures initiated during the CSRP have considerably improved the environment for implementing and sustaining reforms. A public service management employment policy, heralding the restoration of meritocratic principles in recruitment, promotion and compensation of public servants was promulgated in 1998. Regarding recruitment, the policy insists on the use of an open competition for public jobs which are supposed to be advertised in the media. Qualified applicants from within and outside the public service are eligible to apply. Before the final selection, objective criteria for short listing have to be adhered to. These are preserved in permanent records for future reference inspection and audit. The selection criteria include the concern for an appropriate balance of academic/professional qualification and other job related requirements which include experience, track record and learning potential. In addition, the policy stipulates that all forms of discrimination (for example gender, people with disabilities, ethnic, religious, regional etc) should be avoided in the process of recruitment. Promotions are also awarded depending upon one’s performance
for a number of years. On the whole, the principle of meritocracy has increasingly been adhered to in recruitment and compensation in the civil service. In general, the civil service reform in Tanzania has been quite successful and effective.\(^2\)

**Budget Management**

2.1.5 The Ministry of Finance (MoF) is mandated to manage the overall revenue, expenditure and financing of the Government of the United Republic of Tanzania and to provide the Government with advice on the broad financial affairs of the country’s economic and social objectives. The Ministry is therefore responsible for budget preparation and execution.

2.1.6 *The Legal Framework of the Budget*: The legal instruments on which the budget is based include: (i) the Constitution of the URT, that gives responsibility to prepare the budget and its submission to Parliament for approval to the MoF; (ii) the Public Finance Act 2001 that provides the details regarding revenue, expenditure control and accountability; (iii) the Appropriation Act that gives powers to the Minister for Finance to draw money from the Consolidated Fund and allocate it to the various votes, and power for reallocation of funds between votes; and (iv) the Annual Finance Act that grants powers to the Minister for Finance to raise money by imposing taxes to raise funds to finance the budget. Basically four fundamental principles govern the legal base. These are that: (i) no tax shall be imposed and no money shall be spent without the authority of the National Assembly; (ii) expenditure shall be made only for purposes authorised by Parliament; (iii) there shall be a single fund known as the “Consolidated Fund” for receiving and recording all revenues and expenditures, unless otherwise directed by Parliament; and (iv) all moneys spent from the Consolidated Fund must be accounted for before Parliament.

2.1.7 *The Budget Process*: The budget process is relatively open, participatory and well structured. It is guided by the Public Expenditure Review (PER), the Medium Term Expenditure Framework (MTEF) and budget guidelines. The first stage in the process is budget formulation. This involves various activities including: (i) determination of the resource envelope based on projections for revenues and external financing; (ii) formulation of the broad expenditure allocations between sectors and components of expenditure; (iii) formulation of detailed sectoral programmes by sector working groups; and (iv) issuance of comprehensive budget guidelines informing Ministries, Departments and Agencies (MDAs) of the proposed allocation of resources and budget ceilings and operational instructions for budget formulation. The second stage involves preparation of budget proposals by MDAs and the submission of the proposals to MoF. This is followed by scrutiny of the draft estimates by the MoF and negotiations with MDAs for changes after which the estimates are consolidated and presented to the Cabinet for approval. This culminates in the presentation of budget documents to the Parliament including the budget speech by the Minister for Finance. The speech is fairly comprehensive and includes: (i) a review of implementation of budgetary polices for the previous fiscal year; (ii) a strategy for economic growth and poverty reduction; (iii) objectives for the budget along with revenue and expenditure policies; and (iv) new revenue proposals.

2.1.8 Budget execution is the next phase of the budget process and it involves the actual revenue collection and accounting for revenue, provision of services through the recurrent budget and implementation of development projects. The key documents used during the implementation of the budget are the revenue and expenditure estimate books and cash flow plans and budget memorandum.

\(^2\) See for example Kiragu (2002).
The Government has embarked on a budget execution reform programme with the objective of reducing discretion and non-transparent practices in the disbursement of the budget funds. The programme aims at improving financial planning and cash management by bringing all the accounts of the budget institutions under the Treasury control and phasing out non-cash settlements. It is envisaged that this will not only make budget execution more transparent but it will also improve predictability in the financing of Government policies and programmes.

2.1.9 Finally, budget monitoring, control and evaluation is undertaken to ensure close supervision of work programmes and projects. Such monitoring, control and evaluation focus on: (i) Accountability – to ascertain the appropriateness of expenditure and revenue as well as their conformity to authorization through financial reports; (ii) Management assistance – providing management with information on performance; (iii) Internal Audit; (iv) External Audit; (v) Parliamentary control; (vi) Budget review and adjustments; and (vii) Project inspection. Towards this end, the spending units report to the MoF on the financial and physical performance relating to actual work carried out for every quarter. There is also a mid-year review of the budget which entails an assessment covering two quarters of the performance of the spending units upon which the Government gives a consolidation of its position.

2.1.10 Revenue Generation: The Tanzania Revenue Authority (TRA) was established as a semi-independent institution from three separate departments of the MoF in 1996 in order to focus on tax policy and to improve tax collections. It inherited a poorly organised structure that had a reputation of being corrupt. As part of the strategy of independence, the TRA has a separate Board of Directors and is headed by a Commissioner-General, appointed by the President. Since its establishment, the TRA has undertaken various measures to improve revenue collection. These include: (i) implementation of a new organisation structure; (ii) increasing the base and depth of taxable entities; (iii) introduction of Value Added Tax (VAT); (iv) adoption of new support systems including those employing modern technologies; and (v) inculcating a culture of probity amongst staff. In spite of these measures, revenue effort appears to have improved only slightly as evidenced by the fact that the ratio of revenue to GDP increased from about 11% of GDP in 1996 to about 13% in 2003.

2.1.11 The factors that contribute to this outcome include administrative problems, ambiguous tax legislation, tax exemptions and tax evasion. First, TRA’s independence is questionable as the MoF still retains considerable control over the Authority. This has resulted in an inconsistent salary and wages policy and in a lack of investment funds which in turn makes the task of managing the TRA extremely difficult. Second, the work of the Authority is complicated by the fact that Zanzibar has its own separate tax entity. Although the jurisdiction of the island is relatively minor in total tax terms, it enjoys significantly lower tax rates which gives rise to considerable instances of smuggling and tax avoidance on the mainland, in addition to significant additional administrative costs. Third, there is still a sizeable informal market, which virtually escapes taxes of all kinds. A further problem encountered is the multiplicity of taxes, including local taxes, which in total add up to a significant percentage of income. This together with the requirement that tax clearances have to be given when for example a local business licence is required gives rise to the need to shortcut regular channels, avoid tax or even bribe officials. And finally, difficulties also arise from exemptions given by the MoF. Although these have now ceased to be given and are being progressively cancelled, those intended to promote investment, for example in the mining industry, will continue. It is worth noting, however, that various donors including the World Bank and DFID are providing support for the modernisation of the tax administration.
2.1.12 In 1998, the Government launched the Public Financial Management Reform Programme (PFMRP) to co-ordinate a number of complementary projects operating within the divisions, departments and agencies of the Ministry of Finance. Its objectives are to strengthen financial control, enhance accountability and to minimize the leakage of resources. At the time of inception of the PFMRP, the Government focused on budget and accounting reforms and the components included: (i) reform of budget processes; (ii) the introduction of a computerised Integrated Financial Management System (IFMS); (iii) strengthening the tax administration; (iv) external resources management; and (v) strengthening audit system. Since then, the Government has revamped the programme on various occasions to take account of insights that emerged from certain developments and assessments of the status of financial management in the country. These include enactment of the Public Finance and Procurements Act (2001); the Country Financial Accountability Assessment Report (2001); and the Report on the Observance of Standards and Codes (2002).

2.1.13 A joint evaluation of the PFMRP that was carried out by the Government and development partners in November 2003 noted that progress in the implementation of the PFMRP has been rather slow and attributed this outcome to the following shortcomings. First, the programme design was never comprehensive or integrated. Generally, the components of the programme have evolved on a piecemeal and “bottom-up” approach with individual components spearheaded by the heads of the departments at MoF. As such, the programme components are not set within a broader vision and strategic framework, which would ensure that the strategic objectives of the individual components dovetail, priorities can be identified between the components, and opportunities for synergy in implementation can be realised. In this regard, it is also noteworthy that some important aspects, such as capacity building and information and communications technology applications were not being accorded due strategic consideration. These gaps in programme strategy were confirmed in the consultations between the MoF leadership and development partners, and confirmed by the appraisal in 2003.

2.1.14 Secondly, PFMRP implementation has been fragmented because its components have been initiated and funded through stand-alone projects sponsored by development partners. In addition, overall management and co-ordination arrangements for the programme were not firmly anchored institutionally. Consequently, programme implementation has remained fragmented, and its overall strategic thrust has not been clear to stakeholders. It has also been an issue for both the top management of the MoF as well as the development partners that the PFMRP has continued to be in the traditional project mode, which is considered to be out of step with the Tanzania Assistance Strategy (TAS). It is worth noting that following the appraisal of the programme in November 2003, it was agreed that the Government and the development partners would adopt a programmatic approach. Several of the development partners also decided to pool funding.

2.1.15 In recognition of the need to address these issues, the Government undertook to revise the PFMRP. This necessitated the addition of a substantial number of new activities, amendment of existing activities, and in some cases, the adoption of new outputs. Consequently, activities including ongoing ones have been regrouped to ensure that they are logically consistent, appropriate and sufficient to meet revised programme outputs. The overall effect of this revision has been to broaden the scope of the programme to address more adequately the constraints affecting public financial management throughout central Government. The revised PFMRP recognises the need to address constraints to improve public financial management beyond as well as within MoF and consequently,
the revised log frame includes important activities which seek to develop public financial management and sustainability throughout central Government.

2.1.16 Currently, the donors who are providing support to the PFMRP include Sweden, Switzerland, UNDP, Denmark, Norway and the European Commission. Sweden has been providing support to strengthen the Accountant General’s Office as well as the National Audit Office. Switzerland and UNDP are supporting the Policy Analysis and Development Component and the External Resources Component respectively. Recently, the European Commission, Norway and Denmark signed a Memorandum of Understanding to provide support through a pooled financing mechanism. Under this arrangement, the donors will be providing support for the PFMRP work plan as a whole, without earmarking specific activities. The Bank Group is also supporting the Procurement Component through the Institutional Support Project that was approved in December 2004. However, the ADF funds will be channelled outside the basket to ensure conformity with Bank rules.

Public Expenditure Tracking and Service Delivery

2.1.17 The strengthening of service delivery is an integral part of the Government’s Poverty Reduction Strategy and towards this end the Government has undertaken some Public Expenditure Tracking Surveys (PETS). The first PETS conducted in 1999 was the most comprehensive to date and covered three districts (Kondoa, Kiteto and Hai), three financial years (1996/97 to 1998/99) and two sectors (education and health). The findings suggested that 57% of funds due for ‘other charges’ in education were diverted, while the ratio for health was 88%. The study observed that these results were consistent with results from audits of donor programmes and of a previous study, which had found that there were no incentives for efficient use of grants nor were there disincentives for inefficient uses.

2.1.18 The second PETS, entitled Pro-Poor Expenditure Tracking, was conducted in 2001. Since the Poverty Reduction Strategy Paper (PRSP) had been already been adopted, this PETS took place within the framework of the Public Expenditure Review (PER) that was established to ensure that the national budgets followed the pro-poor priorities set by the PRSP. The survey covered different parts and aspects of five districts (Babati, Kisarawe, Mtwara Urban, Dodoma Rural and Kigoma Urban); four sectors (primary education, primary health care, water and rural roads); and one and a half financial years (1999/2000 and first half of 2000/2001).

2.1.19 The study documented the following findings. First, there was a tendency in most councils to under-report receipts of disbursements from Central Government implying embezzlement. Second, an analysis of recorded expenditure on ‘other charges’ for education and health in some councils showed that the councils spent the majority of funds on activities that directly benefited the council, rather than schools and health centres. This included activities such as allowances for district staff, supplies for the district office and fuel and maintenance for district vehicles. Considerably less than 50% of funds were spent on activities that benefited the service delivery stations, including items such as exams and school material, training, and medical supplies and equipment. Third, there was a lack of transparency in information sharing and transmission. Sectoral heads were normally not informed when there were transfers from the centre, which opened room for re-allocation and/or redirection of funds without the consent or even knowledge of sectoral heads. Consequently, the Treasury decided after the completion of the survey that all transfers to districts from the centre would be advertised in the media.

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3 For Public Expenditure Tracking and Service Delivery monitoring undertaken by civil service organisations see Annex 1.
2.1.20 The World Bank commissioned a PETS “Primary School Pilot” in June 2003. The Pilot looked more narrowly, compared to the previous two PETS, at the flow of resources in a stand alone development programme, namely the Primary Education Development Programme. It covered the Capitation Grant, the Development Grant, as well as considering data on enrolment and test scores. The Survey covered six districts (Kibaha, Bagamoyo, Masasi, Mtwara Urban and Rural, and Tandahimba) and 15 primary schools.

2.1.21 Compared with the previous two PETS, the findings on the Capitation Grant were remarkable. For the financial year 2002/03 it was found that an average of 95% of the capitation grant that had been disbursed from the centre reached the school. The findings also indicated that the amounts per pupil did not vary significantly between the schools. The conclusion was that leakage is minimal and that the amount of capitation grant/pupil disbursed to the different schools within the districts is approximately equal. With regard to the Development Grant, the findings were fairly non-conclusive. The survey found that out of the 15 schools surveyed, only 10 received any Development Grant for the construction or rehabilitation of class rooms. The authors also noted that there was little evidence that PEDP had had a positive impact on the quality of teaching. In fact, it found that the percentage of pupils who passed the primary school examination dropped from 19% in 2001 to 17% in 2002, the first year of PEDP. The conclusion the authors drew from this is that for PEDP to have an impact on the quality of education, spending on PEDP would have to increase up to the planned level.

Public Procurement

2.1.22 The Government has long recognized the importance of public procurement to the country’s economic development, given that at least 70% of the Government’s budget is spent on procurement. Following the preparation of the first Country Procurement Assessment Report (CPAR) in 1996, the Government took various steps to improve the procurement system, including the enactment of the Public Procurement Act (PPA) and the implementation of Regulations in July 2001.

2.1.23 However, in spite of these improvements, the second CPAR that was carried out in 2003 identified a number of weaknesses relating to the legislative framework, the performance of regulatory functions, the enforcement regime, and the capacity of public sector institutions to conduct procurement. With regard to the legal framework, the CPAR noted that while public procurement is governed by the Public Procurement Act (PPA), the Act sets out the broad structure, principles and rules of the system but leaves the detailed rules to be established by Regulations. The study found that the legal and regulatory framework for central government is largely adequate, with the exception of an administrative review system. However, for the local government, the PPA requires separate procurement regulations to be issued and this is yet to be effected. As concerns the organizational set up of the procurement function, the study observed that there was inefficiency and lack of accountability stemming mainly from the current centralized system. The Central Tender Board (CTB) holds both executive and regulatory powers, which means that the Board participates in the procurement procedure and also enforces the same procedures. Other shortcomings that were noted included (i) shortage of properly trained specialist procurement staff; (ii) inclusion of politicians (councillors) in the District Tender Boards; (iii) lack of procurement planning in Government financed procurements; (iv) weaknesses in the advertisement of tenders; (v) non compliance of contract award procedures and criteria; and (vi) weak complaints and administrative review process.

2.1.24 The CPAR proposed the following recommendations in the mainland: (i) separating the operational and regulatory functions of the Central Tender Board and transforming the Central Tender
Board to a Regulatory Authority responsible for Procurement Policy and Monitoring of public procurement; (ii) fully decentralising procurement operations to Ministries, Departments and Agencies (MDAs); (iii) establishing a new cadre of procurement specialists and a system of certification for the same; and (d) restructuring the composition of the District Tender Boards to exclude councillors.

Public Sector Accounting

2.1.25 Under the Constitution, the Controller and Auditor-General (CAG) heads the National Audit Office (NAO) and is responsible for examining, inquiring into, auditing and reporting on the accounts of the Government. These include: (i) all Ministries and departments of Government as well as their accounting officers; (ii) all persons entrusted with the collection, receipts, custody, issue or repayment of public or with receipt, custody, issue, sale, transfer or delivery of any stamps, securities, stores or other public property; (iii) all public authorities and other public bodies; (iv) any authority or body that receives funds from the Consolidated Fund or from public funds for a public purpose; and (v) any authority or body required by law to be audited by the CAG.

2.1.26 The CAG is required by law to submit to the Minister of Finance all audit reports, and the Minister is also required to promptly submit them to the National Assembly so that they can be made public. In carrying out the functions of inquiry, examination and audit of accounts, the following provides guidance to the CAG: (i) all accounts must be kept in accordance with generally accepted accounting practices as required by law; (ii) all reasonable precautions have been taken so as to safeguard the collection of revenue; and the receipt, custody, disposal, issue and proper use of public property, and that the law, directions and instructions applicable have been observed; (iii) all forms of expenditure of public money have been properly authorised and applied to the purposes for which it was appropriated and that the law, directions and instructions applicable have been observed; and (iv) economy, efficiency and effectiveness have been achieved in the use of such public money resources.

2.1.27 The Controller and Auditor-General has the powers to: (i) call upon any public officer to provide any explanation and information that is deemed necessary; (ii) summon and examine any person in connection with the receipt or expenditure of public money or the receipt of issue of any public property affected by the provision of the Act; and (iii) authorise any person eligible to be appointed as an Auditor for a Company or to be registered as an Accountant or an Auditor under the Auditors and Accounts (Registration) Act, 1972 or any public officer to conduct an inquiry, examination or audit on his/her behalf.

2.1.28 The CAG reports to the President, who forwards the annual audits to the Parliament, where they are deliberated in the Public Accounts Committee and the Local Authorities Accounts Committee. The main technical problem experienced by the NAO is that capacity constraints lead to delays in the delivery of its reports, which makes it correspondingly hard to demand action on suspected malpractices. There are, however, programmes in place to strengthen the capacity of the NAO, with support provided from DfID and SIDA.

2.1.29 The audit reports generate a lot of public interest and protestations from Parliamentarians over what they see as large-scale misuse of Government funds. However, in spite of these protestations, there is virtually no follow up on the documented cases of financial mismanagement and there are no registered cases of audit reports ending in prosecution or disciplining. Strictly speaking, the responsibility to enforce accountability does not lie with the CAG, but with the Permanent Secretary of the Ministry of Finance, who is empowered to hold the accounting officers of MDAs accountable.
Again, there are no known cases of the Permanent Secretary making use of this prerogative. In addition, another problem with the reports is that there is surprisingly little effort in putting the findings in an analytical context so that they can be better understood by the majority of the public. A first attempt at putting the audit findings in a comparative and analytical context was done as part of the preparation of the 2002 Annual Report on the State of Corruption in Tanzania, which covers the audits for the financial years 1997/1998 to 1999/2000. The establishment of a partnership between the Public Accounts Committee of the Parliament and a local think-tank to follow up on previous years’ reports and to demand action could be a way of strengthening the impact of the good work done by the National Audit Office.

Public Enterprise Management

2.1.30 Reforms in public enterprises started with the establishment of the Parastatal Sector Reform Commission (PSRC) in 1993. The Commission was mandated to coordinate and implement the privatisation of parastatals and its initial mandate was extended for another five years in 1998. Since 1993, there has been substantial progress with the privatisation programme. At the end of June 2004, 169 divestitures had been completed and 57 entities had been put under receivership. The number of enterprises with Government involvement had been reduced to 47 of which 8 are under privatisation and most of which represent minority shares in joint ventures.

2.1.31 However, the privatisation of large strategic enterprises such as the electricity utility, the Tanzania Electricity Supply Company (TANESCO) and the water utility, Dar es Salaam Water and Sewerage Authority (DAWASA) has proceeded slower than anticipated, and the railways remain state owned. Data on the sectoral distribution of divested companies indicate that most companies were in the industrial and trade sectors, followed by agriculture and tourism. More than 60% of divested companies were sold to local investors, with the balance sold to foreign investors and turned into joint ventures. While most privatisations involved small and medium scale companies, divestitures since 1999 have focused increasingly on large scale enterprises. These include relatively large transactions such as the leasing of the Tanzania Harbour Authority, the sale of the National Bank of Commerce, and the divestiture of 35% of the equity in the Tanzania Telecommunications Company Limited.

2.1.32 Recently, the Government has made further progress in implementing reforms in the large enterprises. At end-2002, a concession for the DAWASA was granted to a British-German consortium. Meanwhile, the financial position and managerial capacity of TANESCO have continued to improve following the introduction of a new management team in mid-2002. The sale of 49% of Air Tanzania to South African Airways was completed in November 2002. In December 2003, the Government offered 49% of the shares of the National Micro-finance Bank (NMB) for sale to a strategic investor. This will be followed by the sale of a further 21% of shares to domestic investors.

2.1.33 Several factors that have complicated and delayed the privatisation of large enterprises include retrenchment of workers, debt obligations and lack of investor interest. With regard to retrenchment, issues have arisen regarding the payments to workers. While the official policy established by the Government in 1993 states that retrenched workers receive only statutory benefits, in practice large companies have granted substantial ex-gratia payments. In contrast, although retrenched workers of companies that are liquidated are entitled to receive only TZS 4000 (about US $ 4) according to the bankruptcy law, they have been offered higher payments from the budget. This ad hoc system has led to widely varying retrenchment payments and has stirred up social unrest and opposition by some labour unions and politicians.
2.1.34 With regard to debt obligations, the problem arises from the uncertainty of the amount and status of the debt. This makes it difficult for the potential investors to know the cost of servicing the liability when estimating the future profitability of the company.

2.1.35 Privatisations have also been held up by lack of interest on the part of investors. In spite of Tanzania’s progress in implementing market-based reforms, investor interest has been hampered by the country’s poor infrastructure, the inadequate skill structure of the labour force, uncertain property rights and administrative obstacles to private sector activity. It is worth noting, however, that several initiatives have recently been launched aimed at improving the investment climate. These include the establishment of the Tanzania National Business Council, the International Investors’ Roundtable and the donor-driven Business Environment Strengthening for Tanzania (BEST).

Corporate Governance

2.1.36 Business Registration: The Business Registration and Licensing Authority (BRELA) is the statutory body that is mandated to register businesses and administer company law in Tanzania. The primary law is the Companies Ordinance of 1932 (Cap 212) to which several amendments have been made over time. All businesses incorporated under the Companies Ordinance must be registered with the Companies Registry. The Registry performs the vital roles of providing business information to the private sector, and protecting vital private sector interests. However, the private sector continues to express some concerns about the level of service provided by BRELA. Typical complaints include loss of filed papers, creation of duplicate files and delays in company name clearance.

2.1.37 While the process of business registration has improved since the establishment of BRELA, there is a need to ensure that records in the Companies Registry are properly kept and easily accessible. Towards this end, it is important to undertake reforms such as: (i) computerisation of BRELA’s registries; (ii) extensive capacity building through staff training in data maintenance and customer service; and (iii) sensitisation of the public about the role played by BRELA and the importance of registering companies. Furthermore, there is a need to update the law to bring it in line with developments elsewhere. While an effort to review company legislation was made in 1994, the consultant’s report has been with the Attorney General’s Office since 1997 and no progress has been made.

2.1.38 Financial Disclosure and Reporting Requirements: The Companies Ordinance makes explicit mention of the need for filing returns containing audited accounts, particulars of directors, shareholders and charges, the need for external audit and the need to present annual accounts at the annual general meeting. The Act is, however, silent on the specific form and contents of the statutory accounts, but this has since been overtaken by the Auditors and Accountants (Registration) Act, which regulates the preparation of the annual accounts by members of the organised accounting profession in the country.

Parliamentary Oversight

2.1.39 The Constitution of the URT recognises Parliament as the legislative authority, which also has oversight and watchdog functions. Parliament is empowered to scrutinise and monitor Government performance and as well as the implementation of its programmes. In this regard the Constitution has granted enormous powers to Parliament to advise and counter-check the powers of the Executive.
2.1.40 In spite of these powers, the effectiveness of the Parliament in holding the Government accountable is constrained by various factors. First, the bulk of the laws that are enacted by the National Assembly, emanate from the Government. Although individual Members of Parliament (MPs) can table private bills, they are unable to do so mainly because of poor facilities available to them. The Bunge (Parliament) Library in Dodoma is virtually empty and MPs are hardly given support staff for both research and follow up of issues that they would like to pursue.

2.1.41 Secondly, there are legal problems that undermine the Parliament’s capacity to function optimally as the people’s representative organ and voice. The very existence of the Parliament is dependent on the prerogative of the President. Article 90(2) of the Constitution provides for various situations in which the President can actually dissolve Parliament. Of particular interest is a situation where Parliament refuses to pass a Bill that the Government considers important. In addition, there is a provision of passing of bills “under certificate of urgency” which short-circuits and subverts the normal legislative process. Bills passed under certificate of urgency are lawful and MPs have no alternative when faced with this situation than to debate and pass the bill without sufficient preparation. The Government has occasionally resorted to this procedure to achieve its purpose.

2.1.42 Third, there is a ban on non-partisan candidates. This means that MPs hold their seats on behalf of their parties, and if they lose, or give up party membership they also lose their seats. The parties therefore presently exert power over MPs by threatening the loss of their seats if the party wants to punish them for perceived party infractions. This discourages MPs from taking stronger positions on issues that may embarrass their respective parties, even if the issues may be in the interest of their constituents.

2.1.43 It is worth noting that various donors including the USAID and DfID are undertaking a project to improve the performance of Parliament as a dynamic and effective institution capable of fulfilling its representation, lawmaking and oversight role. Given that the current Parliament ends in July 2005, there is a need to continue the support in order to train the new leadership and parliamentarians in increased representation, increased citizen access to the legislative process, more effective law making and enhanced management and administration and to foster greater ownership of the Poverty Reduction Strategy.

2.2 Transparency

Information Disclosure

2.2.1 While access to information and freedom and independence of the media constitute part of the fundamental human rights under the Constitution of the URT, the extent to which this is guaranteed is questionable. The Governance Survey conducted by the UNECA in 2003 assessed the degree of media independence and the extent to which it is free by using criteria as absence of constraining laws or Government directives to that effect, investigative journalism and reporting of critical stories about the Government the media. Respondents were asked to assess the environment in which the media operates by pointing out whether it is free and competitive; whether mass media rights are frequently violated; whether freedom of expression is under constant threat by restrictive press laws; and whether all or most important mass media are under the state or ruling party control. The transparency test was also based not only on terms of whether Government information was available but also whether the people have access to Government officials, and whether their enquiries were dealt with. The general impression of the majority of the respondents (49.4%) was that information was available but not
readily accessible to the public while 10.6% of the respondents were of the opinion that information is not at all available to the public.

2.2.2 These results point to the problems of the Tanzanian media in terms of lack of capacity and independence. The legal framework remains weak in terms of guaranteeing independence to media houses and protecting journalists from harassment from officials. The main problem, however, is poor media capacity. Journalists are under-trained and underpaid, and there is a serious dearth of well-trained, professional journalists. There is also a significant element of self-censorship among media houses. Media houses are concerned about losing advertisement revenue from the Government and they often shy away from publishing controversial stories.

2.2.3 The low salaries in the profession have also led to instances of rent seeking and the emergence of “cheque book” journalism. It is common for journalists to freely solicit payments not to publish damaging stories about public figures or, conversely, publish favourable articles for payment. In other words, in fighting corruption, the media has tended to become both a part of the problem and the solution.

2.2.4 Another shortcoming with the media sector in Tanzania is that its resources are disproportionately concentrated in Dar es Salaam. Some progress has been made in recent years in strengthening media capacities outside the city, partially through the establishment of regional newspapers and radio stations. The United States Information Service (USIS) was instrumental in the establishment of regional press clubs, and these have played a positive role in strengthening the local press. These press clubs function under the auspices of the Media Council of Tanzania (MCT). However, a problem faced by donors in extending support to the media is that the private media houses are business ventures, and are therefore not eligible for assistance, while the public media is seen to be the voice of the Government and thus unlikely to function as an effective voice for change.

Fiscal Transparency

2.2.5 There is a general feeling among observers that fiscal transparency in general is improving in Tanzania. This is mainly a result of major reforms undertaken in the modernisation of the budget process, involving budget formulation, execution and control, the enhancement of the legal framework for financial management and institution building in the budgetary process as part of the overall economic reforms in the country. The reforms that address budgetary processes, and contribute to enhancing fiscal transparency, include the following: (i) Implementation of a comprehensive Integrated Financial Management System; (ii) Institution of the Public Expenditure Review Process on an annual basis since 1997 in the context of a Medium Term Expenditure Framework; (iii) Enactment of a new legal framework for fiscal management and procurement; (iv) Enhanced controls on commitments and expenditures, especially since 2001; and (v) Quarterly publication of the amounts and timing of budget transfers to spending agencies.

2.2.6 In addition, the Public Accounts Committee (PAC) is empowered on behalf of the Parliament to ensure proper accountability of public funds. It is mandated to ensure that revenues that have been collected are spent in accordance with the Public Finance Act.
2.3 Stakeholders’ Participation

Electoral Process

2.3.1 Constitutional and statutory guarantees of political rights and civil liberties as well as prevailing practices encourage political participation in Tanzania. Tanzanians vote in elections and attend party meetings and rallies. According to the National Election Report of 2001, 10.1 million Tanzanians registered to vote in the October 2000 Presidential, Parliamentary, and Local Council Elections and 8.5 million (84%) actually voted.

2.3.2 Responses from the UNECA Survey also indicated that 96% of the respondents said they have participated in public affairs by voting and 88% said they attend party meetings and rallies. These figures suggest that Tanzanians are very active in mobilised form of participation and are active members of political parties.

Civil Society Organisations and Non-Governmental Organisations

2.3.3 Civil society Organisations (CSOs) and Non-Governmental Organisations (NGOs) appear to be rather weak due to various factors. First, under the one-party rule the major organisations were absorbed by the party, and the political space for autonomous organisation outside the parameters of party and state structures was severely circumscribed. Towards the end of the 1980s, there was a significant rise in the number of NGOs operating in the country. This was in part a reaction to the rolling back of the state and the recognition that NGOs had a role to play in the provision of social services, and also a reaction to the emerging donor preference for channeling funds through NGOs, which were perceived to be closer to the people than Government institutions.

2.3.4 Secondly, the majority of the stronger organisations are based in Dar es Salaam, with limited, if any, presence beyond the country’s main city. There is also a justifiable perception that the large majority of NGOs have been established as income-generating ventures, often addressing whatever is seen to be the latest fad among donors. Many organisations are struggling with limited capacity and there is a certain level of frustration among donors in Dar es Salaam who would like to channel comparatively large funds to NGOs, but are hampered by their limited capacity to absorb these funds. Donors have also found that working with NGOs can be labour-intensive, and that the quality of the products delivered (mostly reports) are not adequate.

2.3.5 The Government has an ambivalent relationship with CSOs. On the one hand, it has made commendable steps towards including CSOs in planning and policymaking. Virtually every Government policy and guideline makes references to the need to include civil society in the consultative process. Civil society has been invited to take part in the last two Consultative Group meetings, are part of the public expenditure review process, and play key roles in the newly established Poverty Monitoring System. On the other hand, the Government often asserts that NGOs are not democratically representative, and that many NGOs are mainly income-generating ventures with dubious mandates. The Government often complains that during the election period, donors put too much emphasis on civic education through NGOs, and that many of these NGOs are likely to be campaigning for the opposition.

2.3.6 The NGO Act that was enacted in 2002 provides the legal framework for registration and establishment of NGOs and CBOs. Most policy analysts however feel that that the Bill in its final draft
falls far short of international standards because it does not guarantee freedom of association and expression and because it contains the scope for imposing strict government control over the operation of NGOs. The impact of the new NGO Act will depend greatly on how the Government chooses to implement it. For example, it remains to be seen whether all existing organisations, including those that are registered as not-for-profit companies under the Companies Ordinance, will be required to re-register under the new Act.

2.3.7 Currently, the general perception is that CSOs are allowed to function independently but are subject to being banished, closed down or harassed whenever they criticise Government policy or the ruling party. The UNECA Survey results also indicated that in the opinion of the majority of Tanzanians (70%) CSOs have limited or no influence at all on Government policies and programmes and play a limited role in promoting accountability and transparency in Tanzania. However a few CSOs have been known to demonstrate their capacity to actively participate and influence the policy process by working collectively to influence certain Government policies especially on land issues.

Decentralisation

2.3.8 The Constitution of the URT stipulates that Local Government Authorities (LGAs) be established in each region, district, urban area and village. Article 146 of the Constitution states that the purpose of having local government authorities is to transfer authority to the people. Within this context, the authorities are multi-sectoral government units with a legal status.

2.3.9 In 1998, the Government undertook to reform the local government system and developed the Local Government Reform Programme (LGRP). The overall objective of the LGRP is to create good local governance based on financial accountability, democratic procedures and public participation. Towards this end, the programme seeks to: (i) establish broad based community awareness and promote democracy, transparency and accountability; (ii) enhance the effectiveness of LGAs in the delivery of quality services in a sustainable manner; (iii) improve the accountability and efficiency of human resources use at local government level; and (iv) establish the enabling legislation to support effective implementation of local government reforms.

2.3.10 The Local Government Reform Team (LGRT) which is the technical arm of the President’s Office, Regional Administration and Local Government (PO-RALG) has been charged with the responsibility of supervising the programme. The LGRT includes six zonal reform teams that have been established with specialists in local governance, finance and human resource development and restructuring. At the council level, each reforming council has established a Council Reform Team to spearhead the reform process.

2.3.11 In a joint Government and donors meeting in 1997, it was decided that the programme would be funded on a basket funding arrangement. In order to ensure effectiveness, it was decided to implement the LGRP in phases and the first phase involving 38 LGAs is already underway. Since the inception of the LGRP, various changes have already been effected. These include changes in the legal framework, enhancing governance, regional and council restructuring, staff matters and finance.

2.3.12 With regard to the legal framework governing LGAs, the Local Government Acts were amended in 1999 to provide for: (i) councils with authority to employ and manage their own staff; (ii) councils with authority to approve their plans and budgets; (iii) establishment of a new grant system of block grants and equalisation grants; (iv) a system of participatory democracy, accountability and
transparency in the conduct of council business; and (v) mechanism for devolution of powers, functions and resources from central local government and from higher levels of local government.

2.3.13 In the area of governance, public awareness initiatives have been stepped up. These include workshops at regional and council levels, a weekly radio programme, and establishment of committees in all urban areas to bridge the gap between the public and the LGAs. As concerns restructuring, the regional administration has been reformed to take account of its changed role from that of an implementer and controller to that of an enabler. Restructuring exercises were carried out in two councils and a restructuring manual was consequently developed.

2.3.14 Studies on the management of staff in a developed system of local government have been carried out, providing a basis for development of a training programme. Regulations for the employment, promotion, development and disciplining of staff by LGAs have been prepared and approved by the Minister responsible for local government. These regulations have been distributed and disseminated to relevant stakeholders and are currently in use. In addition, all the staff working with LGAs are now accountable to their councils. Under the LGRP, cross-cutting issues such as gender and HIV/ AIDS are to be mainstreamed by the Community Development Officers.

2.3.15 With regard to improvement of financial management, studies have been taken relating to fiscal decentralisation. These include the design and management of block grants, sources of revenue for local government, and financial administration and control.

2.3.16 Generally, the LGRP seems to be broadly on track. The changes that are taking place are well formulated to devolve and decentralise power to the citizens. This will effectively give them a greater say in formulating and implementing their own service delivery and development plans and in how the services are managed and delivered.

**Gender Issues**

2.3.17 The Constitution proclaims equality between men and women, and refuses discrimination based on sex. In recognition of the important role that women play in the country, the Government signed the Convention for the Elimination of all forms of Discrimination Against Women (CEDAW) in 1980 and ratified it in 1985. The GOT also ratified the Plan of Action of the 4th World Conference of Women, Beijing Declaration, Gender and Development Declaration by Heads of State or Government of SADC Gender Policy 1997 and committed itself to the National Women in Development (WID) Policy in 1992. Moreover, there is a strong and active women’s movement in Tanzania that has organized itself into technical groups such as for media, law, entrepreneurship, etc. These groups have taken steps to disseminate information to men and women on issues such as the rights of women, violence against women, lobbying the Government to pass legislation that would give women some protection against violence as well as protect their rights. The Government’s commitment to the empowerment of women is documented in the National Women and Gender Policy (2000) and the National Strategy for Gender and Development (NSGD, 2002), which identify the major constraints and interventions to achieving gender equity for sustainable human development in the country.

2.3.18 However, in spite of these developments, the Country Gender Profile undertaken by the Bank Group in 2004 notes that there is still persistence of gender imbalance whereby women still lag far behind men in many sectors of society. According to a 2003 survey undertaken by Tanzania Media
Women Association (TAMWA), women in Tanzania occupy 21.3% of Parliament seats, while in the Cabinet that is comprised of 47 members, only four women are full ministers and five are deputy ministers. Gender imbalance in leadership is evidenced by the fact that out of the current 29 Tanzania permanent secretaries, only five are women and one is a deputy; and only one of the 25 regional commissioners is a woman. As for political parties, out of all the chairpersons and secretaries of the 15 registered political parties, none is a woman.

2.3.19 The Gender Profile noted that although women’s representation at the parliamentary level is increasing, this is mainly because of an amendment in the Constitution requiring that women should constitute between 20% and 30% of the total membership of Parliament. Accordingly, during the 2000 general elections, 48 women were allocated “special” Parliamentary seats, such that there are more women who are nominated than elected in these posts. Since the allocation follows partisan representation, the majority of appointed MPs belong to the ruling party, CCM, implying that the higher women representation further reinforces the party’s dominance. This effectively means that the nominated candidates may have less decision-making powers and may not be able to influence key policy issues to enable gender equity.

2.3.20 Despite the commitment to increase the representation of women in the political sphere, the imbalance remains pronounced mainly because of cultural norms and traditional practices. In addition, women suffered a major setback in 1997 when the Government de-registered their primary organization, Baraza la Wanawake wa Tanzania (BAWATA) allegedly because of its engagement in political activities. Overall, the limited affirmative provisions have had little or no appreciable impact on the participation of women in national affairs. Neither have economic reforms addressed the increasing poverty among women who have tried to advocate for reconciling growth with gender equity.

2.3.21 Furthermore, an assessment undertaken by the Bank Group and the International Labour Organisation in 2004 on support for growth oriented women entrepreneurs in Tanzania noted that there is low visibility of the role of women entrepreneurs in the economy which is of primary concern. Currently women are viewed as only able to operate at the low end of the micro-enterprise spectrum. Within ministries and other levels of Government, there is inadequate policy and programme coordination with donor agencies and NGOs on strategically targeted initiatives to improve the performance of women entrepreneurs and their small and medium enterprises especially for growth. Although some regions are more advanced than others in formulating activities to support the development of women’s enterprises at the local level, most require further education and training. The need for gender sensitisation among policy-makers and implementation agencies continues to be great.

2.4 Legal and Judicial Framework

Structure of the Judiciary

2.4.1 According to the Constitution, the judiciary consists of the Court of Appeal, the High Court and all subordinate courts of the URT. The Court of Appeal is made up of eight (8) judges including the Chief Justice who is also the overall head of the Judiciary but sits in that court as a judicial officer. The High Court consists of thirty (30) judges spread over several zones in the country. The Court of Appeal and the High Court constitute the Superior Judiciary. Below the superior Courts are the courts of the Resident Magistrate followed by the Primary courts at the lower ladder of the judiciary.
Independence of the Judiciary

2.4.2 Constitutional Basis: The Constitution of the URT clearly provides for the independence of the Judiciary. According to Article 107A of the Constitution, the function of dispensing justice is vested in the Judiciary. In addition, Article 107B of the Constitution states that in performing its functions, the Judiciary shall be guided solely by the Constitution and the laws of the land.

2.4.3 Appointments: The Chief Justice is appointed by the President, while the Judges of the Court of Appeal are appointed by the President after consultation with the Chief Justice. The Judges of the High Court, including the Principal Judge, are appointed by the President after consultation with the Judicial Service Commission. The power to appoint magistrates in the District, Resident and Primary Courts as well as Registrars of High Courts and Court of Appeal and their deputies is vested in the President in accordance with Article 113 of the Constitution. The President has however delegated this power to the Judicial Service Commission which consists of the Chief Justice as Chairman, the Attorney-General and the Principal Judge of the High Court, one Judge of the Court of Appeal and two other members. The fact that members of the Judiciary are appointed by the President does not seem to have led to a compromise in their independence, mainly because they enjoy security of tenure.

2.4.4 Security of Tenure: Except for the Chief Justice and the Principal Judge, the members of the Judiciary enjoy security of tenure. The Judges of the Court of Appeal and the High Court Judges can only be removed from office for inability to perform their functions and for misbehaviour upon recommendation of a duly constituted Commission of Inquiry composed of judges from other parts of the Commonwealth. Magistrates at all levels also enjoy security of tenure and can only be removed from office if they fail to perform their duties and even then, after an enquiry by the Judicial Service Commission. It is significant to note that while there are no provisions either in the Constitution or in any other statute securing the tenure of the Chief Justice or the Principal Judge, their removal from office does not mean they stop to be Judges of the Court of Appeal or High Court where they continue to enjoy a secure tenure. In any case, the absence of express provisions to secure the tenure of the Chief Justice or the Principal Judge has so far not given rise to any problems in practice and the Executive has not used this loophole to interfere with the Judiciary.

2.4.5 Remuneration: An important factor which affects the independence of the Judiciary is the issue of salaries. The salaries of the Appeal Court and the High Court are a direct charge on the Consolidated Fund and are not subject to annual approval by a vote in Parliament. Although the top judiciary has their salaries and other amenities charged on the Consolidated Fund, that salary is very low and has remained stagnant for sometime. At the same time their pensions and other service benefits are not secured. The situation in the lower courts is even worse. Apart from earnings, the judiciary is also faced with other problems including uncomfortable working conditions and poor infrastructure. This tends to undermine the integrity of the Judiciary but also the whole justice system in the country and the net effect is the prevalent corruption in the overall judicial system.

Legal Sector Reforms

2.4.6 Recognising the need to reform the legal sector, the Government established the Legal Sector Reform Task Force in 1993. The Task Force carried out a comprehensive review of the legal sector and identified the problems and challenges facing the sector and proposed changes that were needed to reform the sector. The major problems that were identified included a low quality of legal services available to the population, and institutional constraints. With regard to the former, the Task Force
noted that the system was characterised by: (i) inordinate delays in resolving disputes and dispensing justice, evidenced by large backlogs of both criminal and civil cases; (ii) limited access to legal services for the majority of the citizens who either lack awareness of their basic rights and the opportunities for judicial redress, or cannot afford the services or do not have confidence in the integrity and fairness of the legal system; (iii) corruption and other unethical conduct of officers in the legal system; (iv) an outdated system that has not been responsive to either social, political, economic and technological changes, or increasing resource constraints over the years; and (v) limited public trust in the legal system.

2.4.7 As concerns institutional constraints, the shortcomings comprised: (i) a fragmented, excessively bureaucratic and outdated legal and regulatory framework; (ii) weak management and coordination of legal sector institutions; (iii) low competence and morale of public sector legal personnel; (iv) inadequate numbers of professionally trained legal personnel; (v) constrained independence and low integrity of the judicial system; (vi) ignorance and poverty of the majority of the citizens; and (vii) excessively limited and poorly maintained work environment for all public institutions in the legal sector.

2.4.8 To address these constraints, the Government launched the Legal Sector Reform Programme (LSRP). While some achievements have been recorded, there have been some delays in implementation of the programme. First, there has been a problem emanating from weak implementation capacity of the key sector institutions, especially the Ministry of Justice and Constitutional Affairs (MJCA) and the Judiciary. Second, the programme was affected by weak coordination. Oversight and strategic leadership is entrusted to a Steering Committee, which is chaired by the Chief Justice while technical leadership and coordination falls under the Deputy Attorney General. All key legal sector institutions are represented in these committees, but unfortunately, it has not been easy for the Committees to meet regularly. Third, the programme has been adversely affected by lack of planning units in the key legal sector institutions and inadequate staff for the facilitation unit. Fourth, the programme has suffered from inadequate resources.

2.4.9 However, in order to revamp the reform process, the Government and a number of development partners including Sweden, Canada, Netherlands, Denmark, Norway and Finland agreed to co-operate in the "Quick Start Project". The areas identified for the project were: (i) New legal framework for legal sector institutions; (ii) Enhancing administrative capacity and division of work and supervision mechanism; (iii) Training needs assessment for the legal sector institutions; and (iv) District-based support to the judiciary. This project ended in December 2004 and has facilitated the preparation of a Medium Term Strategy for the legal sector.

2.5 Combatting Corruption

2.5.1 The GoT has over the years taken various measures to combat corruption. In 1966, Government set up the Office of the Permanent Commission of Inquiry with the mandate to check the abuse of power by Government officials and its agencies. In 1971, the legislature enacted the Prevention of Corruption Act. This was followed in 1975 by the establishment of an Anti-Corruption Squad. In 1983, the Legislature enacted the Economic Sabotage Act which was repealed a year later and replaced by the 1984 Economic and Organised Crimes Control Act which incorporated offences under the Prevention of Corruption Act as economic offences.
2.5.2 There is also evidence of political resolve to deal with corruption. The ruling party, *Cha cha Mapinduzi* (CCM) demonstrated in its 1995 Election Manifesto that it is aware of the magnitude of the problem in the country. The manifesto singled out corruption as a major problem and vowed that the Government would intensify the battle against it. After the elections, the Government introduced a number of measures aimed at addressing the problem of corruption. The legislature in 1995 enacted another law, known as the Leadership Code of Ethics Act. This law was designed to curb improper conduct of public leaders in high echelons. This was followed later in the year by the appointment by the President of a Presidential Commission of Inquiry against Corruption (PCIC) otherwise known as the Warioba Commission.

2.5.3 The Warioba Commission determined that there was a high level of corruption in the country and attributed it to the following factors: (i) greed and abuse of power; (ii) poor discipline; (iii) deficiencies in management systems, procedures and controls; (iv) weak legal and judicial systems; (v) weak oversight and watchdog institutions; (vi) political interference; and (vii) low public awareness.

2.5.4 In reaction to the report, the Government took various measures including: (i) launching of the National Anti-Corruption Strategy and Action Plan (NASCAP); (ii) establishment of the Ethics Secretariat; and (iii) strengthening the Prevention of the Corruption Bureau (PCB). The objective of the NACSAP was to guide policy makers, legislators, judicial officers and implementers. It adopts two approaches to combat corruption namely through institutional reforms and on raising public awareness. This approach is therefore aimed at both prevention of corruption and at punishing those involved.

2.5.5 The Ethics Secretariat was created to curb the misuse of public office. It was primarily designed to deal with breaches of ethics by public officials. All high-ranking elected and non-elected officials were supposed to fill out wealth declaration forms that are deposited at the Ethics Secretariat. The Ethics Secretariat has six investigators and is mandated to look into complaints about high-ranking officials misusing their office. The Secretariat was strengthened mainly by amendment of the Public Leadership Code of Ethics Act in 2001 and it has also started opening up-country offices. The list of public officers has also been updated and several glaring omissions corrected. In spite of these developments, leaders’ declarations of wealth remain confidential and members of the public can only access specific information if he has submitted a written complaint on a leader. Furthermore, any disclosure of this information is a punishable offence, thereby making it difficult for the public to take any meaningful action.

2.5.6 The PCB had been set up in 1971 under the Prevention of Corruption Act (PCA). Its main functions are to advise the Government on ways to prevent corruption, to educate the public about corruption and to investigate and prosecute offences, subject to approval by the Director of Public Prosecutions. At the time of the Warioba Commission, the PCB was constrained by deficiencies in the PCA to define corruption, inadequate staff, facilities, equipment and training. Following the recommendations of the Commission, the Bureau was strengthened through recruitment of more staff, an increase in budgetary allocations as well as granting it powers to search, arrest and detain. However, the Bureau has not been very successful in securing convictions in corruption. Out of a total of more than 4,000 suspected cases reported to PCB in the period from 1999 to June 2003, only 263 cases were lodged in courts, and of these, PCB only managed to secure 31 convictions. In order to improve its performance, PCB has prepared a bill for the amendment of the Prevention of Corruption Act, which aims to strengthen its independence and ease the burden of proof in corruption cases. The bill is currently being scrutinised by the Attorney General’s Office before it is passed to Parliament for enactment.
2.5.7 More recently, in 2001, the Government established the Commission of Human Rights and Good Governance (CHRGG). The Commission is mandated to investigate claims of human rights abuses or administrative malfeasance from the public and is allowed to receive and act on anonymous complaints.

2.5.8 However, in spite of these initiatives, corruption remains a problem in Tanzania. According to the Transparency International (TI), the country still ranks poorly in terms of corruption. The corruption perception index increased from 1.9 in 1999 to 2.7 in 2002. It declined to 2.5 in 2003 before rising marginally to 2.8 in 2004, which put the country in position 90 out of the 146 countries that were surveyed (Annex II). This poor ranking implies that while oversight agencies and the framework to deal with corruption have been instituted, there is a need to strengthen the existing agencies so that they can deal with the issue adequately.

3. AN ASSESSMENT OF MAJOR GOVERNANCE ISSUES IN ZANZIBAR

3.1 Accountability

Public Sector Management

3.1.1 The RGZ recognised the need to undertake a civil service reform in the Zanzibar Poverty Reduction Plan (ZPRP) that was launched in 2002. The problems included: (i) shortage of staff with adequate skills and qualifications; (ii) recruitment criteria that is not transparent; (iii) lack of staff accountability; (iv) a bloated workforce leading to a high share of wages and salaries in recurrent expenditure; and (v) low pay compared to that in the private sector. A roundtable conference between the Government and development donors that was held in May 2003 recommended that a civil service reform study be undertaken to jump start the reform process but unfortunately there has been little progress in this area.

Public Financial Management

3.1.2 A Country Financial Accountability Assessment (CFAA) focusing specifically on Zanzibar was done in 2003 in which the Bank Group participated. The survey revealed: (i) Absence of regulations for financial accounting and operations; (ii) Poor financial reporting system; (iii) Low human resource capacity in financial issues; (iv) Absence of information technology strategy; and (v) Absence of an Inter-Ministerial Technology Committee.

3.1.3 In order to address these problems, it is understood that the Public Finance Management Reform Programme from the mainland will be rolled out to the island. In the meantime, the RGZ has, however, undertaken the following measures to address some of the anomalies: (i) Adoption of a “Cash budget system”, whereby expenditure ceiling committee meets at the beginning of every month to allocate funds to Government Ministries and institutions in line with the expected revenues; (ii) the adoption of the Medium Term Expenditure Framework (MTEF); (iii) Introduction of a Central Payment System in all Government Ministries and Institutions assisted by the Accountant General’s Office; (iv) Strengthening the Zanzibar Institute for Financial Administration where diploma and advance diploma courses are provided for accountants, tax administrators, auditors and stock verifiers; and (v) Establishment of debt management unit.
Public Procurement

3.1.4 Zanzibar was included in the Country Procurement Assessment Report (CPAR) that was carried out in 2003. The report revealed the following problems in procurement in the island: (i) Regulations for operation of the Central Tender Board Act are not yet in place, and the Central Tender Board Act needs to be reviewed in order to cover the existing void; (ii) an over centralized Central Tender Board; (iii) Lack of regulations for procurement functions; (iv) Lack of proper legal framework to guide procurement activities and; (v) Absence of Ministerial Tender Boards. Following the assessment, the Government has undertaken some measures to address the shortcomings. These include: (i) Preparation of draft regulations for procurement functions; (ii) Upgrading of the unit for stock verification to a department that is managed by a Commissioner; and (iii) A review of the Central Tender Board Act. The drafting of a bill for the revised Act is in process and is expected to be finalised by June 2005.

3.1.5 The Zanzibar Public Procurement Act and the accompanying Regulations for Procurement functions are expected to be in place by June 2005. There is urgent need of operationalisation of both the Act and the procedures. This would entail printing of copies of Public Procurement Act, as well as the Regulations of Procurement Functions. In addition, it will be necessary to disseminate the Act and Regulations through workshops to Principal Secretaries and Directors of all sector ministries and departments and to heads of parastatals and other government institutions. It will also be necessary to train senior staff of various government institutions in procurement.

Public Sector Accounting

3.1.6 Zanzibar has its own Office of the Controller and Auditor General to deal with public sector auditing. An assessment of the status of auditing was carried out in the Country Financial Accountability Assessment (CFAA), the Country Economic Memorandum (CEM), Country Procurement Assessment Report (CPAR) and the Zanzibar Good Governance Strategic Plan (ZGGSP). The studies revealed that audit functions are weak and ineffective due to low auditing capacity. Furthermore, auditing is undermined by lack of accounting standards, financial regulations, facilities and equipment.

3.1.7 In a bid to address the problems, the RGZ has taken some initiatives including (i) Moving the Office of Controller and Auditor General from Ministry of Finance and Economic Affairs to the Ministry of Constitutional Affairs and Good Governance to give it more powers and autonomy; (ii) Development and approval of new Audit Legislation; (iii) Development of an Audit Manual; and (iv) Conducting basic training to introduce key staff to value for money (VFM) audit. To advance the process further, the Office of Controller and Auditor General needs to undertake the following activities: (i) Institutional Development to include procurement of vehicles and motorcycles to facilitate movement of staff within the islands; and procurement of office equipment such as computers, scanners, and photocopier; (ii) Dissemination of the new Audit Legislation and Manual; (iii) Human Resources Development in value for money auditing, computerized auditing and long term professional training.
Public Enterprise Management

3.1.8 The ZPRP noted that various parastatals have ceased to exist as commercial entities and the Government is pursuing a cautious approach to their privatisation. Towards this end, the report recommended that a study on privatisation and restructuring of the remaining public enterprises be undertaken. However, there has been no progress in this issue.

Corporate Governance

3.1.9 The issue of corporate governance in Zanzibar has received little attention. Indeed, the island is still using the Companies Decree that is based on the English Companies Act of 1948. While the English Companies Act has undergone many changes to make it compatible with modern good corporate management practices and requirements, the Zanzibar Companies Decree has not yet been reviewed, and the Government has mainly been reviewing its related laws and removing the hurdles that create impediments for easy influx of investments. In addition, there has been a great concern by the Government over non-compliance of the Companies Decree by most of the companies registered in Zanzibar. Furthermore, other aspects of modern economic management such as the establishment of Capital Markets and Security Authorities necessitate the revision of the Companies Decree. The need to review and to redraft the Companies Decree has, therefore, become imperative.

3.2 Transparency

Information Disclosure

3.2.1 In Zanzibar, the media is subject to various stringent regulations. The Registration of Newsagents, Newspapers and Books Act of 1988 requires journalists to be licensed by the Government and empowers the Government and police wide powers to: (i) seize publications; (ii) search premises; (iii) effect arrests; and (iv) suspend or ban publications or individual journalists. In addition, it establishes an advisory board with the mandate of exercising “disciplinary control over journalists, editors and publishers” and regulating “the conduct of and promoting good ethical standards and discipline of journalists.” Furthermore the Act requires all newspapers to be registered and approved by the Government and stipulates the imposition of a bond as security for any potential breach of a number of broadly defined offences. The consequence of this control is the virtual non-existence of private press. Indeed, in late 2003 the Government banned the first private publication to be launched in the post-revolution era. The Government also operates radio and television services and there are no private broadcasters, although stations from the mainland can be received.

Fiscal Transparency

3.2.2 As concerns fiscal transparency in Zanzibar, there are some legal barriers that potentially make it impossible or difficult to access information on public sector financial management. The National Security Act of 1970 for example prohibits disclosure of broad and vaguely defined categories of Government held information. While this Act is a union matter and applies in the mainland as well, there is a perception that it is applied more stringently in Zanzibar and some public information could be shrouded in secrecy through its application. The situation is further aggravated by the requirement imposed by Civil Service Government Orders, which potentially restrict officials revealing public information because of criteria being applied for the classification of information in the public sector. This may lead to unnecessary or even intentional practices of “foot dragging” by officials who are in
doubt about their right or duty to provide information, which is supposed to be available for public consumption.

3.3 Stakeholders’ Participation

Electoral Process

3.3.1 The electoral process in Zanzibar in the recent past has been beset with various problems. The first multiparty elections in 1995 were characterised by electoral violence due to unfair voting procedures such as improper voter registration, delays in ballot counting. In the elections to the House of Representatives, the ruling party, Chama Cha Mapinduzi (CCM) won 26 of the 50 seats while the main opposition party, Civic United Front (CUF) won 24. In the presidential elections, CCM’s candidate won by a narrow margin of 0.4%. In protest, CUF’s elected members boycotted Parliament and sought international support for a new presidential election, further contributing to a tense political situation, which prevailed in the whole interim period leading up to the general elections in 2000.

3.3.2 Although the CCM and CUF reached an agreement in 1999 that sought to even the political playing field in time for the 2000 elections, the RGZ reneged on implementing most of the agreement provisions, especially reforms regarding the independence of the electoral commission. As a result, the elections of 2000 became even more acrimonious as violence, voter intimidation and other irregularities marked both the presidential and parliamentary elections. Votes were cancelled in 16 constituencies because of irregularities, and although new voting was conducted in November 2000, CUF boycotted the exercise. In January 2001, after these elections, the police and security forces used excessive force against civilians and CUF leadership in Zanzibar and Dar es Salaam, culminating in a number of deaths and refugees fleeing to Kenya.

3.3.3 In May 2003, by-elections were held for the House of Representatives in which CUF won with a resounding majority. Unlike the previous elections, the by-elections were well organised and representative of popular opinion. It is estimated that 76% of the people eligible to vote were registered and 90% of the registered voters participated in the polls.

Civil Society Organisations and Non-Governmental Organisations

3.3.4 As in the mainland, the RGZ also recognises that NGOs are important partners in national development, the promotion of democracy and actual service provision. However, there is a perception that the NGOs need to become more accountable and to disclose both the sources and utilisation of their funds. In addition, the existence of “briefcase” NGOs has raised concerns about the transparency of their operations in the House of Representatives, in the media and amongst the general public. The preparation and presentation of annual reports on activities and audited financial statements is one way of ensuring the accountability of NGOs to their members and to the public. However, key stakeholders have significantly different opinions on the use of this information and whether NGOs should be self regulatory, regulated by the Government or by the judicial system.

3.3.5 Currently in Zanzibar, all NGOs are registered under the Societies Act of 1995. However, stakeholders in the sector have been complaining that the registration process is cumbersome, time-consuming and unreasonably costly. Towards this end, the Government is working with the Association of NGOs of Zanzibar (ANGOZA) to develop a policy for the sector and to ultimately put in place an NGO Act.
Decentralisation

3.3.6 Since local government is a non-union matter, the legislation and reforms in the mainland do not apply in Zanzibar. With regard to legislation, the Zanzibar Constitution provides for the establishment of local government structures. The Government passed enabling legislation in 1995 establishing the Zanzibar Municipal Council as well as District and Town Councils. A separate Ministry of Regional Administration and Local Government also under the President’s Office is charged with the responsibility of overseeing local government affairs.

3.3.7 An assessment carried out by RGZ and UNDP in 2002 concluded that the present local government system in Zanzibar suffers from various shortcomings. First, there is an improper balance between functions assigned to local governments and their real empowerment in the form of finances, personnel and legal jurisdiction. Local governments have been created by legislation and given a broad mandate for service provisions. However, all key technical personnel remain within the central government line ministries. Only skeleton staff for general administration and revenue collection is under the control of district councils. Financial and other resources of the councils (in particular others than the Municipality) are widely recognised as insufficient for any meaningful role in development planning and management. There is a general agreement that LGAs in Zanzibar were introduced without a proper initial analysis of how the system most appropriately could be established.

3.3.8 Secondly, there are overlapping or unclear responsibilities in legislation. There appears to be duplication in responsibilities between district and regional sector officers. In general it is acknowledged that district offices should be strengthened and regional offices reduced to focus on supervision. Numerous examples are quoted regarding overlapping responsibilities between LGAs and other institutions in areas such as tax collection and revenue sharing arrangements.

3.3.9 Third, the councils at the moment are not fully elected, but are partially appointed by central government. This leads to limited local accountability of the local government administration to the local population.

3.3.10 These problems underline the need for the RGZ to undertake necessary analytical work and consultations in order to prepare a Local Government Reform Policy and subsequently a Local Government Reform Programme along the framework undertaken in the mainland.

Gender Issues

3.3.11 The Revolutionary Government of Zanzibar signed the Convention of Elimination of all Forms of Discrimination against Women (CEDAW) in 1994 without any reservation. However, in practice, women tend to be marginalized in all sectors of the economy. For example, out of 20 Cabinet ministers, there is only one woman who is a full minister and one is a deputy minister. In addition, women face discriminatory restrictions on inheritance and ownership of property because of concessions by the Government and courts to apply customary and Islamic law. While provisions of the Marriage Act provide for certain inheritance and property rights for women, the application of customary, Islamic, or statutory law depends on the lifestyle and stated intentions of the male head of household. Thus far, the courts have upheld discriminatory inheritance claims, primarily in rural areas.
3.4 Legal and Judicial Framework

Structure of the Judiciary

3.4.1 Zanzibar has a distinct and separate legal system. Apart from sharing the Court of Appeal of the United Republic with Mainland Tanzania, the Constitution of the United Republic of Tanzania makes it clear that the High Court of Zanzibar is not a Union matter. Article 114 of the Constitution of Tanzania expressly reserves the continuance of the High Court of Zanzibar institutions with their jurisdiction. Similarly, the Attorney General’s Chambers of Zanzibar fall outside the purview of Union matters, and it is a department of Revolutionary Government of Zanzibar. The Attorney General’s Chambers are part of the portfolio of the Minister of State in the Chief Minister’s Office. The court system in Zanzibar has a High Court, Kadhi Courts and the Magistrates Courts.

Legal Sector Reforms

3.4.2 The Legal Sector Reform Programme in the mainland does not cover Zanzibar because it has a distinct and separate legal system. In this case, various problems have been noted with regard to the Judiciary. These include dilapidated court buildings; a critical shortage of skilled manpower at professional level and supporting staff; a critical shortage of basic equipment, transport and library facilities. This problem affects the whole legal system, including the Attorney General’s Chambers, the Registrar General’s Office, the Law Review Commission, and the Director of Public Prosecution. In addition, maintenance of records at Registrar General’s Office is poor and essentially manual, and consequently records are easily destroyed and public access to such record is cumbersome.

3.4.3 The existing High Court building at Vuga (Zanzibar) was built in 1914 and can no longer accommodate the present population that has immensely increased. The population growth has also increased the number of cases coming to the courts that were meant to meet the then population. The building has four court rooms, a small library and a number of partitioned tiny chambers accommodating five High Court judges, five Regional magistrates, two appellate Kadhis and a number of support staff. Of the four (4) court rooms only one is used by the High Court judges and the rest are used by the magistrates and Kadhis. There are also no offices for prosecutors and advocates, no cells and other required facilities within the building.

3.4.4 The lack of space within the existing building hinders the administration of justice. Cases are delayed and people seeking justice spend a lot of time in court, thereby compromising engagement in other economic activities. The situation is further aggravated by a lack of proper legal and administrative framework for coordination, control and improvement of legal education, training and legal profession. Furthermore, there is no formal Legal Aid Programme that is available to the majority of the population.

3.4.5 To address these problems, Zanzibar plans to undertake legal sector reforms under the Good Governance Reform Programme. In this respect, the Government plans to: (i) improve performance of Judiciary; (ii) refurbish Government law offices and construct new facilities; (iii) improve administration of criminal justice; (iv) enhance legal education, training and legal profession; and (v) provide legal aid and access to legal information.
3.5 Combating Corruption

With regard to corruption, Transparency International does not provide reports that are specific to the island. However, it is reasonable to assume that the problem is as severe as in the mainland. Indeed, many of the factors that contribute to the development of corruption exist in Zanzibar. These include poverty; low institutional capacity of enforcement and regulatory agencies; political interference; low public awareness; greed and abuse of power; incompetence; poor discipline; conflicting, outdated or incomplete legislation and lack of adequate systems, procedures and guidelines.

4. GOVERNMENT’S GOVERNANCE AGENDA

4.1 Government’s Governance Agenda in the Mainland

4.1.1 In 1999, the Government launched the Development Vision 2025 to guide economic and social development efforts up to the year 2025. The main objective of the Vision is to awaken, co-ordinate and direct people’s efforts, minds and national resources towards core sectors that will enable attainment of development goals and withstand expected intensive economic competition. The Vision objective can be categorized into three components namely: (i) achieving quality and good life for all; (ii) good governance and the rule of law; and (iii) building a strong and resilient economy that can effectively withstand global competition.

4.1.2 With regard to governance, the Government aims at achieving four broad outcomes namely: (i) peace, political stability, national unity and social cohesion; (ii) democracy, political and social tolerance; (iii) good governance and the rule of law; and (iv) accountability of leaders and public servants. These outcomes are also reiterated in the second Poverty Reduction Strategy, the National Strategy for Growth and Reduction of Poverty (NSGRP) that was launched recently for the period 2005-2010.

4.1.3 As concerns peace, political stability, national unity and social cohesion, the principal goal is to improve personal security and reduce crime. The desired operational outcome is to ensure that Government institutions and agents such as the police, courts and prisons observe human rights and ensure security for all. Strategies include instituting mechanisms through which all people are able to secure swift and fair action within the police and prisons systems. However, security needs of vulnerable groups that require differential measures of protection, such as children, youth (particularly girls), women, people with disabilities, and the elderly will be addressed. The Government intends to achieve this objective by reviewing laws, which provide equal rights to all citizens such as Inheritance Law and Marriage Act of women and men, girls and boys, will be reviewed. Continued efforts will be made to inform people about their Constitutional and human rights. The Government also intends to implement community-sentencing policy and emphasise a rehabilitative rather than punitive approach to prison.

4.1.4 Regarding democracy, political and social tolerance, the principal goal is to reduce political and social exclusion and intolerance. This will be achieved through development of political and social systems as well as institutions that allow for full participation of all citizens including the poor and most marginalized. Strategies include designing and implementing campaigns to inform people of their
rights and deal with all forms of discrimination and stigma. Legislation requiring employers to utilize equal opportunity employment policies will be enforced. In addition, there are aims to establish measures to reduce the exclusion of vulnerable persons within key review processes (e.g., health and education sector reviews); to institute reliable mechanisms of citizen complaint regarding the poor and vulnerable persons that ensure people are protected from retribution and intimidation; and to institute legislation and special provisions that categorically define the rights of people with disabilities, including measures that should be taken when these stated rights are infringed.

4.1.5 With regard to promotion of good governance and rule of law, the Government’s strategy is to put in place well-functioning systems that are representative, accountable and inclusive. The strategy includes scaling up and following up on the implementation of all the components of the National Framework on Good Governance and improving the capacity of all representative bodies as well as strengthening local level governance institutions. Additional strategies include enforcement and harmonisation of policies and laws relevant to land and natural resource utilisation and management including Local Government Acts No. 7, 8 and 9 of 1982, implementation of Land Act 1999 and Village Land Act 1999. Effective mechanisms will be put in place to enable the public to monitor and ensure standards of ethics and accountability of authorities and increase participation and representation of women, children, youth, and people with disabilities and other marginalised persons in all governance structures. Gender will be mainstreamed into policies, plans, budgets and implementation mechanisms including gender monitoring and indicators for good governance.

4.1.6 The outcome concerning accountability of leaders and public servants addresses three goals namely ensuring: (i) the rights of the poor and vulnerable excluded are protected and promoted in the justice system; (ii) equitable allocation of public resources and effective control of corruption; and (iii) effective public services framework for service delivery improvement. The Government’s strategy in the protection and promotion of rights of the poor and vulnerable includes strengthening the judicial system at all levels, with particular attention to lower/primary courts to improve access, representation and adjudication of cases involving children, youth, persons with disabilities, the elderly and other vulnerable groups as well as revamping the Legal Sector Reform Programme.

4.1.7 The equitable allocation of public resources and effective control of corruption involves actions such as: (i) the adoption of the equity principle in the PERs; (ii) sensitisation of the public in Government policies regarding public financing as well as their entitlements through civic education and dissemination of information; (iii) strengthening systems and institutions of accountability, ethics and transparency of Government and non-government officials including political parties; (iv) adequate supervision of Local Government Authorities in accounting, financial reporting and auditing; (v) strengthening existing institutions such as the PCB to operate independently and take effective and swift action and enforcement of the National Anti-Corruption Strategy and Action Plan (NACSAP); and (vi) strengthening routine data systems to determine levels of poverty and vulnerability for use in policy making and to ensure data is disseminated widely to the public.

4.1.8 In order to enhance the effectiveness of the public service to improve service delivery, the Government aims to: (i) strengthen the Public Service Reform Programme to ensure that recruitment is based on merit, ethics, skills and ability; (ii) carry out regular service delivery/client satisfaction surveys to monitor quality of public services; (iii) promote public-private-NGOs partnership in provision of services.
4.1.9 On the whole, therefore, the Government’s governance agenda is comprehensive and well focused. It is commendable that the Government has recognised that in order for broad based growth and improvement of quality of life to be realised, good governance has to prevail. The agenda indeed addresses major relevant issues including economic structures and processes, management systems, personal security, tolerance and inclusion, and participation in decision making.

4.2 Government’s Governance Agenda in Zanzibar

4.2.1 In the case of Zanzibar, the Government’s governance agenda is spelt out in the Zanzibar Vision 2020 and in the Zanzibar Poverty Reduction Plan and the Government has formulated a Good Governance Reform Programme. The Programme aims at building and promoting a sustainable culture of governance in the island. The main objectives are: (i) to improve the legal system and access to justice; (ii) to improve Government integrity, transparency and accountability; (iii) to promote participatory democracy; and (iv) to enhance political stability and tolerance.

4.2.2 With regard to the first objective of improving the legal system and access to justice, the RGZ plans to: (i) improve performance of Judiciary; (ii) refurbish Government law offices and construct new facilities; (iii) improve administration of criminal justice; (iv) enhance legal education, training and legal profession; and (v) provide legal aid and access to legal information. As concerns the second objective, the Programme aims to (i) develop an Anti-corruption Strategy and Code of Ethics; (ii) improve public sector auditing; (iii) improve public procurement; (iv) enhance legislative scrutiny; and (v) enforce human rights. With respect to the third objective, the programme seeks to (i) establish a Local Government Reform Programme; (ii) formulate a policy for Non Governmental Organisations (NGOs); (iii) review election laws; and (iv) enhance public access to information. For the final objective, the envisaged actions include providing civic education and reviewing laws governing religious institutions.

4.2.3 The Government’s governance agenda is clear and well articulated. It shows a recognition of the major governance issues that are important to address in order to reduce poverty and improve the quality of life for the population. While these are challenging issues, it is commendable that the Government has made the first step towards addressing them by spelling them out in its governance agenda.

5. DONOR COORDINATION IN GOVERNANCE AND SCOPE FOR BANK GROUP INTERVENTION

5.1 Donor Coordination in Governance

5.1.1 In Tanzania, the Development Partners’ Group (DPG) is the forum for donor coordination. Membership of the DPG is open to any bilateral or multilateral donor that provides development assistance to the country. The central objective of the DPG is to increase the effectiveness of development assistance in support of the Government’s national goals and systems. The members are guided by the principles adopted and set out in the Rome Declaration on Harmonisation of 2003 and the Government’s framework set out in the Tanzania Assistance Strategy (TAS).

5.1.2 With regard to governance, coordination had started under the Development Assistance Committee (DAC), the forum that was replaced by the DPG. In May 2001, various donors of the DAC including the World Bank, Denmark, EC, Finland and UNDP established a Governance Working
Group (GWG). The Group has since expanded to include other donors such as Ireland, Sweden and DfID. The objectives of the GWG are to: (i) improve the monitoring of activities in the area of governance, specifically of those included in the objectives and targets of the PRSP; (ii) strengthen the exchange of information and stimulate collaboration mechanisms between donors in governance development activities and governance aspects of development programmes; and (iii) facilitate and enhance dialogue between GoT and development partners in the area of governance.

5.2 Some Specific Donor Interventions

The various donors that are currently involved in supporting governance activities include the UNDP, World Bank, DfID, Ireland, Finland, Sweden, Denmark, Netherlands, Norway, the European Commission, African Development Bank, Switzerland and USAID (Table 1). A more detailed description of their involvement is shown in Annex III.

Table 1: Some Specific Donor Interventions in Governance

<table>
<thead>
<tr>
<th>Areas of Support</th>
<th>Donors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal Sector Reform Programme</td>
<td>Sweden, Canada, Netherlands, Denmark, Norway, Finland, DfID</td>
</tr>
<tr>
<td>Local Government Reform Programme</td>
<td>World Bank, DfID, Ireland, Finland, Sweden, Denmark</td>
</tr>
<tr>
<td>Public Finance Management Reform Programme</td>
<td>Sweden, Switzerland, UNDP, Denmark, Norway, European Commission, DfID, ADB</td>
</tr>
<tr>
<td>Public Service Reform Programme</td>
<td>World Bank, DfID, Ireland</td>
</tr>
<tr>
<td>Strengthening Tax Administration</td>
<td>DfID, World Bank</td>
</tr>
<tr>
<td>Strengthening National Audit Office</td>
<td>SIDA, DfID</td>
</tr>
<tr>
<td>Enhancing democratic governance and empowering civil society</td>
<td>UNDP, Ireland, Denmark, DfID, USAID</td>
</tr>
<tr>
<td>Accountability, Transparency and Integrity</td>
<td>UNDP, World Bank</td>
</tr>
<tr>
<td>Governance Programme in Zanzibar</td>
<td>UNDP, ADB</td>
</tr>
</tbody>
</table>

5.3 Previous Bank Group Interventions in Governance

5.3.1 The Bank Group’s first institutional support project to Tanzania in the area of governance was approved by the Boards in December 2004. Prior to this operation, the issue had been addressed in some policy based operations. The second Structural Adjustment Loan (SAL II) that was approved in December 2001 aimed at supporting measures to: (i) enhance transparency in the use of public resources; (ii) combat corruption; (iii) strengthen the performance of the public sector and the judiciary. The specific actions that were to be undertaken included: (i) the extension of the Integrated Financial Management System (IFMS) to all 19 sub-treasuries and 22 district authorities; (ii) the issuance of regulations for the implementation of the new Public Finance Act, as well as the new procurement law; (iii) development and implementation of anti-corruption action plans in the Ministries of Works, Health, Education, Home Affairs, Attorney General Chambers and the Tanzania Revenue Authority; (iv) enactment of the Public Service Act; and (v) preparation of detailed action plans for strengthening the judicial system, including the computerization of the case filing and registry system. The reforms supported by SAL II are being implemented and the loan has been fully disbursed.
5.3.2 The Institutional Support Project for Good Governance amounts to UA 4.8 million and comprises two components. The first component involves providing support to the mainland’s Public Finance Management Reform Programme, and specifically the Procurement Component. In this regard, the project aims at contributing to the development of a public procurement system that is transparent and professional. Secondly, the project will also assist the Revolutionary Government of Zanzibar in the improvement of its legal sector and the management of public finances. The support to the legal sector will contribute to the development of a transparent, efficient and fair judicial system that guarantees the rule of law and administration of justice. In addition, the assistance will be provided to improve the island’s management of public finances.

5.4 The Scope for Further Bank Group Support in Governance

5.4.1 It is obvious from the discussion in the preceding chapters that Tanzania faces some challenges in improving the governance framework in the areas of accountability, transparency, stakeholders’ participation, combating corruption, and legal and judicial system. It is also noteworthy that the Government has demonstrated its commitment to address these issues in order to accelerate progress towards the objective of poverty reduction, as evidenced by its comprehensive governance agenda. While the recent Bank Group intervention in governance is laudable, there is scope for further intervention. Indeed, the current governance agenda represents an adequate framework within which the Bank Group can channel further support.

5.4.2 The overall objective of the Bank Group’s medium-term strategy in Tanzania is to support the Government’s poverty reduction efforts. Considering that poverty in the country is predominantly a rural phenomenon, the Bank Group’s governance strategy will be to support those reforms which will have the greatest contribution to rural poverty reduction. This strategy will be based on the Government’s governance agenda, while taking into account the institutional capacity to implement the reforms as well as the areas of involvement of other development partners. In this respect, the Bank Group’s intervention in governance would aim at supporting the implementation of the reforms in the areas where sufficient progress has already been made in terms of identifying the key reforms and measures to be implemented. In other key areas where capacity to reform is constrained by limited progress in identifying the measures to be implemented, and Government’s commitment to reform exists, the Bank Group governance strategy would mainly be focused on capacity building. Furthermore, in line with the Bank Group’s Strategic Plan, it would be advisable to exercise a high degree of selectivity in order to focus the Bank Group’s strategy on a few governance reforms, which will have the greatest impact on rural poverty reduction.

5.4.3 Within the above-defined framework, the Bank Group’s medium-term governance strategy in Tanzania will aim at supporting the key reforms needed to (i) create responsive and effective public institutions towards improving accountability and transparency in the public sector; (ii) strengthen the fight against corruption; and (iii) improve access to justice for the poor. Within these broad areas, close coordination with other development partners will be exercised in selecting the specific interventions that the Bank Group will support.

5.4.4 Furthermore, it is recognised that there is a need to make a distinction between support that would be provided to the mainland and to Zanzibar. While needs exist in both cases, the situation in Zanzibar appears to be more critical as most donors are already involved in reform programmes in the mainland. Indeed the Bank Group could provide a lead role in the island. Within the Good Governance Reform Programme the Bank could intervene to provide support for reforms in the civil service, local
government, privatisation and public sector management and the formulation of an Anti Corruption
Strategy.

5.4.5 In addition to providing support, the Bank Group needs to become more involved in the
dialogue process on governance issues. A useful starting point is for the Bank Group to become an
active member of the Governance Working Group in order to ensure that the Bank Group’s focus on
governance issues is well coordinated with the approach adopted by other donors. Towards this end,
the newly opened Country Office in Tanzania can be expected to facilitate the representation of the
Bank Group and to be actively involved in the dialogue process.

6. CONCLUSION AND RECOMMENDATION

6.1 Conclusion

6.1.1 The Government of Tanzania has demonstrated its commitment to promoting good governance
since its change from one party rule to multi-party democracy by embarking upon a process of
enacting and reforming its laws, building and strengthening its institutions and structures, providing a
framework for implementation of its good governance agenda. The authorities have indeed shown
commendable commitment to the tenets of good governance, which are now embodied in the country’s
Poverty Reduction Strategy. The commitment is demonstrated in the governance agenda in both the
mainland and in Zanzibar.

6.1.2 The reform process seems to be well established in the mainland and the Government through a
participatory process, including donors and other stakeholders, has instituted reforms to enhance good
governance in areas such as civil service, local government, public finance management, public
enterprise sector and the legal sector. However much more assistance will be required to help develop
and sustain what has so far been achieved and to institutionalise the culture of good governance. In
Zanzibar, the situation is much more critical and there is a need for concerted efforts by all
stakeholders in order to move the process forward.

6.2 Recommendation

6.2.1 It is therefore, recommended that the Bank Group supports the Government of Tanzania in its
efforts to implement its programme on good governance. In the mainland, the Bank Group needs to
become more actively involved in the dialogue process, through membership in the Governance
Working Group. In this regard, the Bank Group would work closely with other donors and the
Government towards:

i. Improving the monitoring of activities in the area of governance, specifically those included
   in the objectives and targets of the NSGRP;

ii. Strengthening the exchange of information and stimulating collaboration mechanisms
    between donors in governance development activities and governance aspects of development
    programmes; and

iii. Maintaining dialogue on emerging issues in governance and proposing ways of addressing
    them.
6.2.2 In Zanzibar, there is a case for the Bank Group to play a lead role, and to make interventions to provide support for reforms in the civil service, local government, privatisation and public sector management and the formulation of an Anti Corruption Strategy. The specific interventions could include:

i. Funding a civil service reform study, and ultimately initiating a civil service reform programme;

ii. Funding a study on privatisation and restructuring of the remaining public enterprises that will guide the privatisation process;

iii. Developing a policy for NGOs that will ultimately lead to enactment of an NGO Act;

iv. Preparation of a Local Government Reform Policy and subsequently a Local Government Reform Programme along the framework undertaken in the mainland.
ANNEX I: PERFORMANCE EXPENDITURE TRACKING AND SERVICE DELIVERY MONITORING UNDERTAKEN BY CSOs

1. A coalition of CSOs through the Tanzania Education Network conducted an Expenditure Tracking Study on the training components of PEDP.
   **Areas of Focus:** The study, focused on two of the ‘soft’ components of PEDP, namely School Committee Capacity Development (SCCD) and In-Service Training and set out to track: (i) *Inputs* - the funds disbursed to district level and onward to the schools; (ii) *Outputs* – spending at district and school level; and (iii) *Outcomes* – what impact the training has had on management, governance and quality of teaching.
   **Findings:** The study was not able to estimate what percentage of the funds disbursed to the districts had reached the intended beneficiaries at the primary schools due to data constraints as local officials were often unwilling or unable to provide the financial information. However, the study found out that (i) Schools had not been consulted in the decisions regarding the type of training to be provided to committees and teachers and who would be the beneficiaries of the training; (ii) A sizeable portion of the funds had been spent at the level of the district in the preparation of school material and facilitation of training.

2. Hakikazi Catalyst, carried out a score card exercise as part of its programme for monitoring the PRS process.
   **Areas of Focus:** The Project established monitoring committees in 16 communities (sub-villages and streets) in 2 villages in Arumeru district and two urban wards in Arusha municipality. As part of this exercise, a score card was devised to enable the communities to evaluate the progress of the PRS process and to exact social and public accountability.
   **Findings:** (i) Available funds are not sufficient to meet the demands of services required; (ii) Allocation of funds are not pro-poor, let alone equitable, as the poorer areas received less resources; (iii) Communities see the building of new classrooms as an important achievement under the PRS; and (iv) There is a lack of transparency regarding receipt and use of funds at the local level.

3. Tanzania Coalition on Debt and Development has conducted PRS monitoring that contain elements of expenditure tracking.
   **Areas of Focus:** 19 primary schools in Kinondoni Municipality in Dar es Salaam.
   **Findings:** (i) There were variations in the average capitation grant received by the schools suggesting the possibility of considerable leakage; (ii) teachers and members of school committees had limited knowledge of their entitlements and little influence of budget decisions impacting on the use of their funds, e.g. construction/maintenance, training and procurement of textbooks.

   **Areas of Focus:** Five primary schools and five government dispensaries.
   **Findings:** (i) A very limited involvement of the schools in the budgeting process and little understanding of their financial entitlements; (ii) There were variations in the average capitation grant received by the schools suggesting the possibility of considerable leakage.

ANNEX II: THE CORRUPTION PERCEPTION INDEX IN SELECTED AFRICAN COUNTRIES*

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
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<td>6.1</td>
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<td>4.1</td>
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<td>2.8</td>
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<td>1.9</td>
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<td>2.2</td>
<td>2.7</td>
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</tr>
<tr>
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<td>2.0</td>
<td>2.1</td>
<td>2.0</td>
<td>1.9</td>
<td>1.9</td>
<td>2.1</td>
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<tr>
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<td>3.5</td>
<td>3.4</td>
<td>2.6</td>
<td>2.6</td>
<td>2.5</td>
<td>2.6</td>
</tr>
<tr>
<td>Zimbabwe</td>
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<td>4.1</td>
<td>3.0</td>
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<td>2.1</td>
<td>2.0</td>
<td>1.9</td>
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<tr>
<td>Nigeria</td>
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<td>1.6</td>
<td>1.2</td>
<td>1.0</td>
<td>1.6</td>
<td>1.4</td>
<td>1.6</td>
</tr>
</tbody>
</table>

* The scores are on a scale ranging from 1 to 10, whereby 1 indicates a highly corrupt society and 10 a society that is virtually corruption free.

## ANNEX III: DETAILED SPECIFIC DONOR INTERVENTIONS IN GOVERNANCE

<table>
<thead>
<tr>
<th>Donor</th>
<th>Areas of Support</th>
</tr>
</thead>
</table>
| **UNDP** | i. Enhancing democratic governance  
- Technical, capacity building and management support to the up-coming 2005 General Elections  
- Management of the US$ 8 million multi-donor funded Election Basket Programme on behalf of 11 donor partners  
- Technical and management support for the establishment of the US$30 million Permanent National Voters Register  
- Facilitating the development of the Parliamentary On-Line Information System (POLIS) to modernize the management of Parliament  

ii. Enhancing the rule of law and the protection of human rights  
- Human rights training for the police, prison officers, public prosecutors, magistrates and state attorneys  
- Specialized training for conflict mediation for law enforcement officers  
- Improving reporting on human rights, including systematic data collection  

iii. Strengthening accountability, transparency and integrity in public affairs  
- Strengthening the capacity of Government to co-ordinate and monitor the implementation of the National Anti-Corruption Strategy and Action Plan (NACSAP);  
- Preparation of Annual State of Corruption Report  
- Support to the Public Finance Management Reform Programme  |
| **World Bank** | i. Public Service Reform Programme (PSRP)-US $ 41.2 million:  
- Performance improvement through decentralisation and expansion of key MDAs  
- Private sector participation by contracting out non-critical services, divesting and privatising services and facilities  
- Creation and operationalisation of executing agencies  
- Modernisation of information and communication systems  
- Development of leadership and management skills within the public service  

ii. Local Government Support Programme (LGSP)-US $ 52.0 million:  
- Strengthening fiscal decentralisation  
- Improving accountability in the use of local government resources  
- Improving management of intergovernmental transfers systems  
- Increase access to infrastructure and services in unplanned areas of Dar es Salaam  
- Improving revenue performance for sustainable operations and maintenance.  

iii. Accountability, Transparency and Integrity Project (ATIP)-US $ 40.0 million- under consideration:  
- Strengthening the legal and judicial systems  
- Enhancing public financial accountability  
- Strengthening oversight and watchdog institutions  
- Improving coordination, management and evaluation of Government programmes aimed at enhancing transparency and integrity for greater accountability  |
| DfID | 1. Strengthening of Parliament  
2. Development of the National Voters’ Register and the support to the 2005 Elections Basket  
3. Support to the Public Finance Management Reform Programme  
4. Public Service Reform Programme  
5. Legal Sector Reform Programme  
6. Local Government Reform Programme  
7. Establishment and strengthening of the Tanzania Revenue Authority  
8. Strengthening of civil society:  
   • Support to the Foundation for Civil Society  
   • Support to the NGO Policy Forum  
   • Support to the Tanzania Women Lawyers Association  
   • Support to the Economic and Social Research Foundation |
| Ireland | Decentralisation of power from the centre to the district and development of skills necessary for efficient administration through assistance to:  
1. Local Government Reform Programme  
2. District Development Programme  
3. Association of Local Authorities in Tanzania (ALAT)  
4. Public Service Reform Programme  
5. Foundation for Civil Society |
| Finland | Enhancing democratic development, human rights and good governance:  
1. Local Government Reform Programme (3.36 million Euros)  
2. Strengthening of civil society (3.1 million Euros’ of which 0.3 million Euros is earmarked for Zanzibar)  
3. Anti-corruption efforts and legal sector reform (2.64 million Euros) |
| Sweden | 1. Local Government Reform Programme  
2. Public Finance Management Reform Programme  
3. Enhancement of local democracy and revision of the legal system  
4. Support to the census and to the media |
| Denmark | 1. Local Government Reform Programme:  
   • Enhancing efficiency in financial and administrative management  
   • Enhancing devolution  
2. Enhancement of human rights and good governance  
3. Public Finance Management Reform Programme |
| ADB | 1. Public Finance Management Reform Programme (specifically the Procurement Component)  
2. Zanzibar Good Governance Reform Programme:  
   • Review of the Companies Decree  
   • Dissemination of the Public Procurement Act and Regulations and the Financial Administration Act  
   • Training of judiciary staff, procurement staff, accountants and auditors and debt management officers |
## ANNEX IV: GOVERNANCE INDICATORS FOR SELECTED AFRICAN COUNTRIES

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Voice and Accountability</td>
<td>Tanzania</td>
<td>-0.73</td>
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Source: World Bank Database.
Notes:

i. The indicators are measured in units ranging from about –2.5 to 2.5, with higher values corresponding to better governance outcomes.

ii. Voice and Accountability includes in it a number of indicators measuring various aspects of the political process, civil liberties and political rights, measuring the extent to which citizens of a country are able to participate in the selection of governments.

iii. Political Stability and Absence of Violence combines several indicators, which measure perceptions of the likelihood that the government in power will be destabilized or overthrown by possibly unconstitutional and/or violent means, including domestic violence and terrorism.

iv. Government Effectiveness combines responses on the quality of public service provision, the quality of the bureaucracy, the competence of civil servants, the independence of the civil service from political pressures, and the credibility of the government's commitment to policies.

v. Regulatory Quality focuses more on the policies themselves, including measures of the incidence of market-unfriendly policies such as price controls or inadequate bank supervision, as well as perceptions of the burdens imposed by excessive regulation in areas such as foreign trade and business development.

vi. Rule of Law includes several indicators, which measure the extent to which agents have confidence in and abide by the rules of society. These include perceptions of the incidence of crime, the effectiveness and predictability of the judiciary, and the enforceability of contracts.

vii. Control of Corruption measures perceptions of corruption, conventionally defined as the exercise of public power for private gain.
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