

**THE UNITED REPUBLIC OF TANZANIA**



**PARTNERSHIP FRAMEWORK MEMORANDUM**

**GOVERNING**

**GENERAL BUDGET SUPPORT (GBS)  
FOR IMPLEMENTATION OF MKUKUTA**

**January, 2006**

**MINISTRY OF FINANCE  
DAR ES SALAAM**

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## **Preamble:**

**Whereas...** the Government of the United Republic of Tanzania (hereinafter referred to as “the Government”) has adopted the National Strategy for Growth and Reduction of Poverty (MKUKUTA), dated xx February 2005;

**Whereas...** the Government, in order to implement the MKUKUTA, is requesting external contributions to the national budget from its Development Partners (DPs), to be provided through the General Budget Support (GBS) mechanism; and

**Whereas...** the Government has recommended GBS as the preferred aid delivery modality;

**Whereas...** the DPs and the Government wish to act in accordance with commitments they have made in the Monterrey Consensus on Financing for Development (2002), the Rome Declaration on Aid Harmonisation (2003), the Marrakech Memorandum on Managing for Results (2004), the Paris Declaration on Aid Effectiveness (2005) – commitments that will be reflected in the Tanzania Joint Assistance Strategy (JAS),

**Therefore,** in this spirit of partnership aimed at promoting economic growth and reducing poverty, implementing the reform agenda, and sustaining the development gains in Tanzania, the Government (represented by the Ministry of Finance, MoF) and DPs signatory to this document (GBS Partners), have reached the following understanding:

## **Objectives:**

1. This Partnership Framework Memorandum (PFM) sets out the principles and terms for the partnership between the Government, and the GBS Partners listed in *Appendix 1* in respect of a five-year program of General Budget Support for MKUKUTA implementation. This PFM is neither a binding legal agreement nor does it constitute an international treaty or create rights and obligations under international law.
2. This PFM replaces the previous Partnership Framework Memorandum that came into force in November, 2002.
3. Bilateral arrangements, which will be distributed to all signatories of this PFM, have

precedence over this PFM. To the extent permitted by their individual legal and statutory requirements, GBS Partners will not include in their bilateral arrangements any conditions or administrative and reporting requirements additional to those agreed upon in this PFM. Where GBS Partners have existing bilateral arrangements for GBS support, these will be amended in line with this PFM.

4. The overall objective of GBS is to contribute to Tanzania's economic growth and poverty reduction in all its dimensions by supporting the financing, implementation and monitoring of MKUKUTA, with the following intermediate objectives:
  - (i) Providing financial resources to the public sector to be used to promote growth and poverty reduction;
  - (ii) Improving aid effectiveness and country ownership of the development agenda, reducing transaction costs, and enhancing predictability of aid flows; improving public expenditure and financial management; enhancing national planning and budgeting process and shifting accountability from donors to citizens;
  - (iii) Improving monitoring and evaluation and ensuring mutual accountability;
  - (iv) Engaging in policy dialogue aimed at enriching the country's strategies for growth and reduction of poverty; and
  - (v) Strengthening and using the national planning and budgeting process, and strengthening the capacity of Local Government Authorities ("LGAs"), which are the front-line implementers of the MKUKUTA.

### **Underlying Principles**

5. The Government and the GBS Partners, to the extent compatible with their statutory mandates, consider the following to be the underlying principles of GBS for this partnership arrangement:
  - (i) Continuing sound macroeconomic policies and management;
  - (ii) Commitment to achieving MKUKUTA objectives and Millennium Development Goals;

- (iii) Sound budgeting and public financial management systems;
  - (iv) Continuing peace and respect for human rights, the rule of law, democratic principles, and the independence of the judiciary; and
  - (v) Good governance, accountability of the Government to the citizenry, and integrity in public life, including the active fight against corruption (in accordance with commitments of the signatories in the New Partnership for African Development, and other international agreements).
6. Observance of the underlying principles is considered critical for the continuation of this partnership. Concerns regarding non-compliance by any signatory with any of these underlying principles will be handled through consultation and dialogue between GBS Partners and the Government at the appropriate level.

### **Responsibilities:**

7. In pursuing the objectives, the Government and DPs have the following responsibilities:

#### **(a) Responsibilities of the Government:**

- (i) Manage GBS Partners' contributions to the national budget in support of MKUKUTA implementation, and keep adequate financial records of the contributions;
- (ii) Ensure implementation of the MKUKUTA in accordance with standards of performance jointly agreed with the GBS Partners and outlined in a Performance Assessment Framework (PAF, attached as *Appendix 2*);
- (iii) Ensure that total expenditures and sector allocations effectively reflect economic growth and poverty reduction commitments and accounting fully for the use of funds;
- (iv) Monitor and report on the implementation of MKUKUTA;
- (v) Strengthen public financial management and public procurement, which shall [keep this "shall"] be assessed annually through the PAF;
- (vi) Ensure open and fruitful dialogue on the MKUKUTA, Sector Strategies,

Medium Term Expenditure Frameworks (MTEFs), and Budget Guidelines by guaranteeing the timely availability of all necessary documentation to relevant stakeholders, including GBS Partners.

- (vii) Lead annual reviews in order to -- in conjunction with GBS Partners -- monitor and report on GBS performance in accordance with the PAF.

**(b) Responsibilities of GBS Partners:**

- (i) Establish an agreed disbursement schedule, in order to assist the Government in implementing the MKUKUTA;
- (ii) Maintain a GBS Partners' decision-making structure, including a GBS Partners' Secretariat, for the implementation and follow-up of the provisions of this PFM. The responsibilities and composition of this structure will be agreed upon by GBS Partners, in consultation with the Government. The GBS Partners will nominate one GBS Partner to act as their representative (GBS Lead Partner);
- (iii) Endeavour to co-ordinate their disbursements in line with the Government's budgetary requirements, including providing timely GBS in the first half of the Government financial year and, whenever possible, in the First Quarter of the financial year in accordance with prior commitments;
- (iv) Increase the predictability of aid flows by endeavouring to provide the Government with three year advance information on planned GBS contributions and by minimizing year-to-year fluctuation of pledged amount;
- (v) Improve overall harmonisation by eliminating bilateral conditions and bilateral administrative and reporting requirements, to the extent permitted by their individual legal and statutory requirements, and/or pre-existing legal agreements;
- (vi) Lessen the administrative burden of their assistance on the Government by increasingly mounting joint missions, undertaking joint analysis, and using joint procedures;
- (vii) Enhance the capacity of the Government to meet its commitments by providing demand-driven technical assistance and capacity-building support;

- (viii) Participate in Government-led Annual Reviews, and provide such information as may be necessary, to monitor and report on GBS performance in accordance with the PAF;
- (ix) Endeavour to deliver more aid through the GBS modality.

### **Dialogue**

- 8. The Government and GBS Partners understand that regular, open, respectful, and frank dialogue is essential to the smooth and effective operation of GBS.
- 9. Designated representatives of the Government and of the GBS Partners will agree on a calendar of meetings to discuss issues arising from this PFM or related to the management of the GBS mechanism. The results of such meetings will be recorded in agreed minutes, drafted by the Government, and sent to all GBS Partners within two weeks of the meeting.
- 10. If differences arise between the signatories (Government and GBS Partners) regarding the interpretation, application or performance of this PFM, they will consult with each other in order to reach an amicable solution.

### **Monitoring, Evaluation and Reporting:**

- 11. The Government and GBS Partners will keep track of their performance relative to jointly agreed indicators, targets, and actions listed in the PAF. Monitoring and dialogue processes will follow an annual review process aligned with the Government's planning, budgeting, and MKUKUTA review cycles. All formal performance assessments will be undertaken jointly by the Government and GBS Partners.
- 12. There will be one Government-GBS Partner joint Annual Review of GBS performance timed to align with the Government budget cycle and facilitate the preparation of the Budget Guidelines.
- 13. Information and analysis for the annual review will be drawn primarily from the MKUKUTA monitoring system, and other underlying review processes outlined in the PAF. Such review processes will themselves provide the main avenues for detailed

discussion and dialogue, while the Annual Review will bring the analysis together and provide an opportunity for identifying key issues for further dialogue.

14. The PAF encompasses a limited number of results indicators and targets; process actions; and underlying review processes, which may encompass reviews of agreed sectors, programmes, themes, and/or MKUKUTA elements. For the purposes of the Annual Review, a “satisfactory sector or programme review” signifies that:

- (i) Reviews are conducted regularly as input to the budget preparation process and in line with the MKUKUTA Monitoring Plan;
- (ii) Review processes involve a wide range of stakeholders under the leadership of the Government;
- (iii) The main purpose of reviews is to establish relevant developments, and assess performance against agreed results and targets; and,
- (iv) The review shows good progress against previously agreed targets and results.

15. At the conclusion of the Annual Review, the Government and the GBS Partners will prepare a joint overall assessment of their performance relative to the PAF and on key related issues. This joint view will serve as the primary basis for GBS Partners to determine their GBS disbursements and/or future funding.

16. During the Annual Review, the parties may jointly agree to revise the PAF, in order to accommodate emerging strategic issues of concern.

17. To facilitate monitoring and evaluation, the Government will provide GBS Partners with the following:

- (i) Planning documents including the MKUKUTA, Budget Guidelines, Sector and LGA MTEFs, budget books, and other relevant material;
- (ii) MKUKUTA Annual Review Reports of the previous financial year prior to the GBS Annual Review as well as other reports and documentations relevant to the processes identified in the PAF;

18. To facilitate planning, budgeting, monitoring and reporting, each GBS Partner will, during the Annual Review, provide the Government and other GBS Partners with the following information so that the Government can use the information in budget formulation and implementation:
- (i) the total estimated aid flow planned over the three-year MTEF period;
  - (ii) the estimated amount of funds to be contributed through the GBS Facility over the three-year MTEF period ;
  - (iii) a report on performance against the GBS Partner commitments, including on harmonization of processes, as included in the PAF.
19. The Government and GBS Partners will jointly commission an independent organization to carry out an evaluation of the performance of the GBS Facility relative to the objectives outlined in this PFM and the PAF. This evaluation will be carefully coordinated with other Government review processes such as the planned MKUKUTA Evaluation.

### **Disbursements**

20. As part of the Annual Review (in October or November of year “n”), the Government will communicate to the GBS Partners its budgetary requirements for the subsequent financial year (FY “n+1”). On the basis of the GBS Partners’ joint overall assessment from the Annual Review and the identified Government budgetary requirements, each GBS Partner will decide on its planned funding level – including a possible variable component of funding – for FY n+1
21. Within three weeks of the conclusion of the Annual Review, each GBS Partner will communicate to the Government its planned contributions for the next three years (FYs n+1, n+2 and n+3)
22. Within six weeks following receipt of the Final Report of the Annual Review, each GBS Partner will confirm to the Government its disbursement schedules for the immediately following Government financial year (n+1).

23. Unless otherwise stated in bilateral arrangements, the financial commitment for year n+1 may only change in the event of Government non-compliance with the underlying principles of GBS, as outlined in Paragraph 5 hereof.
24. The Government will establish and maintain interest-bearing foreign exchange accounts through the Bank of Tanzania to receive donor contributions to GBS. The Government will immediately acknowledge, in writing, receipt of contributions to the fund by GBS Partners. The Government will maintain careful records of donor contributions, including interest earnings, and will provide financial reports on these contributions during the Annual Review. Interest earnings will be applied to the national budget.

### **Auditing:**

25. Government will provide all GBS Partners with the annual audit report of the Controller and Auditor General on the Public Accounts of Tanzania. The annual report will be presented to the GBS Partners promptly after submission to the Parliament, which is due 9 months after the end of the fiscal year covered.
26. As provided for in the Public Finance Act, 2001, the National Audit Office will, where it determines that the general audit report is unlikely to be available within the specified time, commission a financial or performance audit by a local independent qualified and recognised auditor to carry out an audit of selected components or samples from the National Budget in order to allow an overall assessment of compliance with financial management regulations or of value for money.
27. Deposits in the GBS foreign exchange account, and transfers to the consolidated revenue fund, will be subject to an annual external audit financed by the Government. This audit will be carried out by the National Audit Office, which may contract assistance from an internationally recognized company.
28. GBS Partners may undertake an independent external audit of the GBS foreign exchange account at any time at their own cost.
29. Audit reports will be provided to the GBS partners and Government on a timely basis, and will be discussed as part of the Annual Review.

## **Procurement:**

30. Procurement of goods, works, and services be managed in accordance with the Tanzanian Public Procurement Act 2004, and its regulations and procedures.
31. Any concerns regarding procurement will be dealt with through the dialogue and review mechanisms outlined in this PFM.

## **Admission and Termination:**

32. The Government will decide on each request for admission to the PFM and inform the GBS Lead Partner in writing of its decision. The inclusion of a new GBS Partner to the PFM will be effected by an addendum in writing to the list of signatories. GBS Partners that sign this PFM are entitled upon signature to become full participants in the GBS structure.
33. Individual GBS Partners may withdraw from the joint mechanisms and from this PFM by a notice of withdrawal. The partner in question will, wherever possible, provide not less than three months written notice of termination. In timing its notification of withdrawal, a GBS Partner will take account of the Government budget cycle and the effects of its withdrawal on the year in course. In the case of an individual GBS Partner withdrawal, disbursements previously made will not be reimbursed by the Government.
34. The Government, or the GBS Partners acting in consensus, may terminate this PFM by a notice of termination to the other party. In the case of rescission or termination by the Government, GBS Partners will decide individually whether to disburse the funds already committed but not yet released.

## **Effective Date, Duration and Amendments:**

35. The PFM will enter into effect for each GBS Partner on the date of signature by the Government and the relevant GBS Partner. The existing Partnership Framework Memorandum governing Poverty Reduction Budget Support expires for each GBS Partner on the date of entry of this new PFM.

36. The PFM and its Appendices may be amended periodically through unanimous agreement in writing between the Government and all signatory GBS Partners.

37. The PFM will terminate five years after it enters into effect for the first GBS Partner, unless specifically renewed by agreement of the signatories.

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## **Appendix I GBS Partners**

African Development Bank

Canada

Denmark

EU

Finland

Ireland

Japan

Germany/KfW

The Netherlands

Norway

Sweden

Switzerland

United Kingdom and

World Bank

**Appendix II**  
**UNITED REPUBLIC OF TANZANIA**  
**General Budget Support**

**Performance Assessment Framework (PAF)**

| NO | SUBJECT   | QUESTION S/<br>ISSUE TO MONITOR   | MAIN PROCESS | UNDERLYING PROCESSES   | TEMPORARY PROCESS ACTIONS  | OUTCOME INDICATORS   | INDICATOR VALUES  |   |
|----|---|---|--------------|--|--|--|---|---|
|    |   |   |              |  |  |  | Baseline (2005) and Target (2010) Values  | Actual This Review Period   |
| 1  | NSGRP implementation:<br>Cluster 1 - Growth and reduction of income poverty | Is broad based economic growth being effectively promoted?<br>Are policy debates/decisions transparent? | NSGRP review | <p>i. Development of and dialogue on implementation of a growth strategy.</p> <p><b><u>To be developed</u></b></p> <p>ii. Infrastructure Review, encompassing Roads, Energy, Communication, and Transport sector in 2005/06.</p> <p>iii. Agricultural Sector Review in 2005/06.</p> <p>iv. BEST Programme Review</p> <p>v. Second Generation Financial Sector Reforms Programme Review</p> <p><b><u>In Place</u></b></p> | <p>(i) Put in place the agreed sector review processes, ensuring alignment of the next PRBS annual review in October 2006</p> <p>(ii) Government amendments to the Civil Procedure Code (CPC) by October, 2006.</p> <p>(iii) Private sector views considered prior to second reading of the Business Activities Registration (BAR) Bill and the Regulatory Licensing Regime reformed</p> <p>(iv) <b>Draft Roads Act to be submitted to the Parliament by October 2006.</b></p> <p>(v) Draft Electricity Act to</p> | <p>(i) Increase in credit extended to private sector as % of GDP</p> <p>(ii) Enabling environment for private sector lead growth improved</p> <p>(iii) Reduction of Income Poverty in Rural Population (measured by Annual Agriculture. GDP growth).</p> <p>Improve rural market access.</p> | <p>(i) Volume of credit to the private sector to increase by 1% of the GDP per annum.</p> <p>(ii) Tanzania steadily moves up the World Bank "Doing Business" ranking.</p> <p>(iii) Baseline: 5.4%<br/>Target: 10.0%</p> | <p>(i) 7.9% of the GDP in 2004</p> <p>(ii) Tanzania ranked 140 in 2005</p> <p>5.4%</p> <p>(iv) 8,500 kms of rural roads rehabilitated in 2004</p> |

<sup>1[1]</sup> Before the Annual Review 2006, a Joint Task Force will identify a better indicator to capture market access, encompassing the Government's entire efforts in improving such access.

| NO | SUBJECT   | QUESTION S/ ISSUE TO MONITOR                                      | MAIN PROCESS | UNDERLYING PROCESSES   | TEMPORARY PROCESS ACTIONS  | OUTCOME INDICATORS  | INDICATOR VALUES  |                           |
|----|---|---|--------------|--|--|---|---|---------------------------|
|    |   |   |              |  |  |   | Baseline (2005) and Target (2010) Values  | Actual This Review Period |
|    |   |   |              | vi. Per Macro Group<br>vii. Privatisation Review<br>viii. Tax Modernisation Programme (TMP) Review (to be replaced by a comprehensive NSGRP Cluster Review when developed. | Parliament by October 2006<br><br>(vi) EWURA (Energy, Water, and utility Regulatory Authority) and SUMATRA (Surface & Marine Transport Regulatory Authority) fully operational and staffed<br><br>(vii) Amendment of Legislation for at least two crops Boards by November 2006.<br><br>(viii) Survey of individual farms 11,693 and issue of CCROs<br><br>(ix) Production and distribution of the Strategic Plan for the Implementation of Land Laws (SPILLs)<br><br>(x) Special studies on SGR, Input Trust Fund and Input subsidies conducted with Government position on their recommendations | Increase capacity of LGAs to support agricultural development | (iv) Rehabilitate 15,000 km of rural roads by 2010 from 4,500 km in 2003 <sup>[1]</sup> |                           |
| 2  | NSGRP implementation: Cluster 2 - Improvements of quality of Life and Social well being | Is there improved quality of life? Is service delivery improving? | NSGRP review | A comprehensive NSGRP Cluster Review when developed  |  |   |   |                           |

| NO | SUBJECT | QUESTION S/<br>ISSUE TO<br>MONITOR | MAIN<br>PROCESS | UNDERLYING<br>PROCESSES   | TEMPORARY PROCESS ACTIONS  | OUTCOME INDICATORS   | INDICATOR VALUES  |                                    |
|----|---------|------------------------------------|-----------------|---|--|--|---|------------------------------------|
|    |         |                                    |                 |   |  |  | Baseline<br>(2005) and<br>Target (2010)<br>Values   | Actual This<br>Review<br>Period    |
|    |         |                                    | NSGRP<br>review | Implementation of the<br>National Environment<br>Management Act, 2004 | Publication of the first State of the<br>Environment Report.                 | To be identified from the<br>State of the Environment<br>Report.   |   |                                    |
|    |         |                                    | NSGRP<br>review |   | Action Plan for developing a National<br>Social Protection Strategy adopted. | To be identified from the<br>Action Plan.  |   |                                    |
|    |         |                                    | NSGRP<br>review | Health Sector Review  |  | Proportion of children that<br>receive three doses of<br>vaccine against diphtheria,<br>pertussis (whooping<br>cough), tetanus, and<br>Hepatitis B under two (2)<br>years. | <b>Baseline:</b><br>71%<br><b>Target:</b><br>90%  | 71%                                |
|    |         |                                    | NSGRP<br>review | NMSF Bi-Annual Review   |  | National HIV<br>prevalence <sup>2[2]</sup> in the 15 –<br>24 years age group.  | <b>Baseline:</b><br>7.5%<br><b>Target:</b><br>6.0%  | 7.5%                               |
|    |         |                                    | NSGRP<br>review | Education Sector Review   |  | Net primary school<br>enrolment<br><br>Transition rate from<br>standard VII to Form I<br><br>Gross Tertiary Education  | <b>NER Primary</b><br>Average<br>94.8%<br>Boys 95.6%<br>Girls 93.9%<br>Target 99%<br><b>Transition</b><br><b>Rates:</b><br>Average<br>36.1%<br>Boys 36.6%<br>Girls 35.6%<br>Target 50%<br><b>GER Tertiary</b> | 94.8%<br><br><br><br><br><br>36.1% |

<sup>2[2]</sup> Target to be reviewed to take into account the effect of ARVs.

| NO | SUBJECT   | QUESTION S/ ISSUE TO MONITOR   | MAIN PROCESS | UNDERLYING PROCESSES  | TEMPORARY PROCESS ACTIONS  | OUTCOME INDICATORS   | INDICATOR VALUES   |                            |
|----|---|--|--------------|---|--|--|--|----------------------------|
|    |   |  |              |   |  |  | Baseline (2005) and Target (2010) Values   | Actual This Review Period  |
|    |   |  |              |   |  | enrollment   | <b>Education:</b><br>Baseline: 0.5%<br>Target: 10%<br><b>GER Higher Education</b><br>Baseline: 0.27%<br>Target: 6% | 0.5%<br><br>0.27%          |
|    |   |  | NSGRP review | Water Sector Review   | (i) Satisfactory joint water sector review held in first quarter FY 2006/07<br><br>(ii) Revised Water Sector Legislations presented to the parliament by April 2006<br><br>(iii) The National Water Sector Development Strategy presented to the Cabinet by end of February 2006 | Percentage of the population that has access to clean and safe water from a piped or protected source.   | <b>Baseline:</b><br>Rural 53.5%<br>Urban 73.0%<br><br><b>Targets 2010</b><br>Rural 65%<br>Urban 90%                | Rural 53.5%<br>Urban 73.0% |
| 3  | NSGRP implementation on Cluster 3 - Governance and accountability | Is good governance and the rule of law ensured? Is government accountable to the people? | NSGRP review | GoT - DPs and other stakeholders' consultations on governance.<br><br>NACSAP (II)<br><br>PSRP Review<br><br>LSRP review | (i) Revised anti Corruption Legislation presented to Parliament by <b>November 2006</b><br><br>(ii) Develop review mechanism for <b>NACSAP (II)</b>  | (i) Quarterly NACSAP Implementation Report published and discussed.<br><br>(ii) Current pay as a proportion of government's pay target (PSRP). | <b>Baseline:</b> 4 reports<br><br><b>Target:</b> 4 reports<br><br><b>Baseline:</b> 86%<br><br><b>Target:</b> 100%  | 4 Reports<br><br>86%       |

| N<br>O | SUBJECT                                    | QUESTION<br>S/<br>ISSUE TO<br>MONITOR  | MAIN<br>PROCESS                                     | UNDERLYING<br>PROCESSES  | TEMPORARY PROCESS ACTIONS  | OUTCOME INDICATORS  | INDICATOR VALUES   |                                 |
|--------|--|--|---|--|--|---|--|---------------------------------|
|        |  |  |   |  |  |   | Baseline<br>(2005) and<br>Target (2010)<br>Values  | Actual This<br>Review<br>Period |
|        |  |  |   | LGRP review  |  | (iii) Percentage of Court cases outstanding for 2 years or more.<br><br>(iv) Number of strategic plans of central and sector ministries containing a strategic objective to implement decentralization by devolution. | <b>Baseline:</b><br>70%<br><br><b>Target:</b><br>40%<br><br>Baseline 2005:<br>One (PO-<br>RALG)<br><br>Target 2010:<br>All | 70%                             |
| 4      | Resource allocation and budget consistency | Does the budget reflect national policy? Does spending reflect the budget? Are budgetary decisions questioned for consistency with policy and VFM? | PER<br>MACRO<br><br>Poverty<br>Monitoring<br>System | Budget Guidelines.<br><br>Fiscal reports (BER, QDR)<br><br>PEFAR review<br><br>Annual MKUKUTA Progress Report      |  | Approved budget broadly in line with policy objectives (NSGRP, sector policies);<br><br>Expenditure outturn consistent with approved budget.  | Recurrent budget deviation reduced:<br><br><b>Baseline:</b><br>18%<br><br><b>Target:</b><br>10%                            | 18%                             |
| 5      | Public Financial Management                | Are there systems in place within GoT to assess the regularity of expenditures   | Single PFM review instrument                        | <b>PEFAR review</b> which will need to look at (ii) annual procurement audit<br><br><b>PFMRP</b> JSC consultations | (i) Audit Reform priorities to be reflected fully in PFMRP - see attached table.<br><br>(ii) PWC contracted to establish system for monitoring and checking compliance, start November, will end around March 2006 | (i) NAO Audit Report is of international standard by 2010 and released within 9 months as required by the Public Finance Act 2001.  | 2005: NAO starting to introduce INTOSAI and ISA international standards  |                                 |

| NO | SUBJECT                  | QUESTION S/<br>ISSUE TO<br>MONITOR  | MAIN<br>PROCESS | UNDERLYING<br>PROCESSES   | TEMPORARY PROCESS ACTIONS | OUTCOME INDICATORS   | INDICATOR VALUES  |                                 |
|----|--------------------------|---|-----------------|---|---------------------------|--|---|---------------------------------|
|    |                          |   |                 |   |                           |  | Baseline<br>(2005) and<br>Target (2010)<br>Values   | Actual This<br>Review<br>Period |
|    |                          | ? Is the procurement system open and transparent and provide value for money? Are these enforced? |                 |   |                           | (ii) Number of procuring entities complying with the Public Procurement Act 2004   | regarding formats, procedures and reports.<br>2010: NAO fully compliant with international standards.<br><br><b>Baseline:</b><br>10%<br><br><b>Target:</b><br>80% | 10%                             |
| 6  | Macroeconomic stability. | Is the broad macroeconomic environment conducive for budget support?                              | PER<br>MACRO    | Budget Guidelines.<br><br>Fiscal reports (BER, QDR)<br><br>PRGF<br><br>PEFAR review |                           | Fiscal and monetary stability, reflected by:<br><br>(i) Fiscal Deficit (after grants) as % of GDP consistent with PRGF targets.<br><br>(ii) Inflation rate consistent with PRGF targets. | <b>Baseline:</b><br>6%<br><b>Target:</b> per PRGF<br><br><b>Baseline:</b><br>4.5%<br><b>Target:</b> per PRGF  | 6%<br><br>4.5%                  |

### **Appendix III**

#### **Date of Review Processes**

Dates for review meetings will be determined by taking into account the preparation of the Tanzanian budget and by the presentation of the annual NSGRP report. The budget year is from 1st of July to 30th of June.

The Annual Review process of updating the PAF targets will involve focused Technical Working Groups for each area of the PAF. Each of these groups will comprise of Government representatives, GBS DPs’ representatives and World Bank and African Development Bank representatives. They will jointly review progress and priorities for the future. A final joint meeting involving all working groups will then be held to agree on key findings of the reviews and the way forward. The Ministry of Finance, in close coordination with the Vice President’s Office will maintain oversight of the Review process and coordinate inputs where necessary from other Government Ministries and independent Departments. The GBS Secretariat will co-ordinate preparation of the necessary Government assessments of progress and also lead the process of updating the PAF.

| Meeting/review dates | GoT Cycle | GBS activity | PRSC activity linked |
|----------------------|-----------|--------------|----------------------|
|                      |           |              |                      |
|                      |           |              |                      |
|                      |           |              |                      |
|                      |           |              |                      |