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Guidelines for Project Planning and Negotiations for Raising Loans, Issuing Guarantees and Receiving Grants

The United Republic of Tanzania

Ministry of Finance

UNITED REPUBLIC OF TANZANIA
MINISTRY OF FINANCE AND PLANNING

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Foreword

The United Republic of Tanzania, like many other countries, requires financing from external sources in order to fill the gap resulting from shortage of domestic resources. In accessing both foreign and local loans, receiving grants and issuance of guarantees, the Government is guided by the Government Loans, Guarantees and Grants Act, CAP 134, the Medium Term Debt Strategies (MTDS) and Development Cooperation Framework (DCF).

Despite using these guiding documents including Public Investment Management Operation Manual (PIM-OM), the Government has been experiencing high borrowing costs, delay in negotiations for financing and project completion, cost overrun, overlapping of activities and unnecessary destruction of other infrastructure during the implementation of projects.

These shortfalls have been caused by among other things, inadequacy of project preparation, implementation and supervision framework, uncoordinated efforts among Government institutions throughout the project life-cycle, lack of project ownership and inadequate monitoring and evaluation.

In order to address these challenges, the Government has developed Guidelines to provide holistic approach for project initiations, preparations, financing process, implementation, monitoring and evaluation. These Guidelines are intended to be used by all Ministries, Departments and Agencies (MDAs) and Local Government Authorities (LGAs) in all stages of the project life cycle.

Adherence to these Guidelines will result into reduced cost of borrowing, timely raising of loans, receiving of grants, issuance of guarantees and project implementation, reduced cost variations and maximization of local content, hence effective project management and attainment of value for money.

These Guidelines are home-grown, prepared by a Government Team comprising members from various Government institutions. The Team conducted a field work where various stakeholders such as MDAs, the Revolutionary Government of Zanzibar, Development Partners and Financial Institutions were interviewed and provided significant contributions.

Preparation of these Guidelines took into account various laws and regulations governing project management in Tanzania. I urge all Government entities to adhere to these Guidelines in all phases of project cycle.

Doto M. James
Permanent Secretary and Paymaster General

Abbreviations

ACGEN	Accountant General
BATNA	Best Alternative To a Negotiated Agreement
BoT	Bank of Tanzania
CAG	Controller and Auditor General
CAS	Country Assistance Strategy
CL	Commercial Loans
CP	Conditions Precedent
DCF	Development Cooperation Framework
DMD	Debt Management Division
DSA	Debt Sustainability Analysis
EAC	East African Community
ECA	Export Credit Agency
EFD	External Finance Department
EPC	Engineering, Procurement and Construction
ESIA	Environmental and Social Impact Assessment
FCL	Fully Concessional Loans
GNT	Government Negotiation Team
LGAs	Local Government Authorities
MDAs	Ministries, Departments and Agencies
MTDS	Medium Term Debt Strategies

NDMC	National Debt Management Committee
NEEC	National Economic Empowerment Council
NPD	National Planning Division
NPMIS	National Projects Management Information System
OAG	Office of Attorney General
PAPs	Project Affected Persons
PIM-OM	Public Investment Management Operation Manual
PIT	Project Implementation Team
RS	Regional Secretariat
RAP	Resettlement Action Plan
SADC	Southern African Development Community
SCL	Semi-concessional Loans
SMART	Specific, Measurable, Achievable, Realistic and Time bound
TAS	Technical Audit Section
TDMC	Technical Debt Management Committee

Definition of Terms

In these Guidelines, unless otherwise provided:

Act	means the Government Loans, Guarantees and Grants Act, CAP 134
Commercial loan	means a loan, which is provided by a financier on non-concessional terms
Commitment fee	means a fee paid by the borrower to the lender on the undisbursed loan balance
Concessional loan	means a loan extended on terms substantially cheaper than the market loans with grant element greater or equal to 35%
Conventional/ Traditional Procurement Methods	means a most commonly used method of procurement that comprises a tripartite arrangement involving a client, a consultant and a contractor, and which separates design from a contractor
Core activities	means key activities to which the project intends to accomplish (main activities necessary to achieve) the project result(s)
Economic operator	means business or other organization which supplies goods, works or services within the context of market operations
Export Credit Agency	means a public owned agency with a mandate to promote respective country's exports through issuance of guarantees to commercial lenders
Flagship projects	means projects, which are deemed critical and or whose implementation will have large positive multiplier effect to the rest of the economy

Government	means the government of the United Republic of Tanzania
Grace period	means a period during which only the interest is payable by the borrower to the lender
Grant element	is the difference between a loan nominal value (face value) and the sum of the discounted future debt-service payments (net present value) to be made by the borrower. It measures the concessionality of the loan and is expressed as a percentage of the face value of the loan
Grant	means a fund extended to a recipient country by a donor, which will not be repaid
Implementing agency	means an institution responsible for the project
Infrastructure projects	means physical or soft structures and facilities such as transport, energy, buildings, telecommunication and information technology
Management fee	means a fee paid per payment period and is quoted in the contract as either a fixed nominal amount or a percent of the outstanding nominal amount
Maturity	means the number of years required to service the loan
Pipeline Projects	means projects which are ready in terms of the preparation phase waiting for the financing phase
Project documents	means concept note, project proposal, feasibility study and detailed design reports

Project	means public investment scheme intended to achieve specific purposes to be accomplished within a specified period of time and according to a defined cost and scope
Semi-concessional loan	means a loan with a positive grant element, which is below minimum threshold of a concessional loan
Strategic projects	means projects other than flagship projects
Tied loan	means a loan with a condition that in most cases requires a consultant, contractor as well as goods and/or other services used in the project implementation to originate from the country of the financier
Upfront fee	means a fee payable by the borrower to the lender before any loan disbursement is made

CHAPTER

1

Introduction

1.1 Background

The Government has been implementing various development projects/programs that require significant financial resources. Owing to shortage of domestic resources, part of finances is sourced from external sources, which are associated with complex terms and conditions. Thus, to continue taping these resources, it requires not only adequate skills in the mobilisation of external resources, but also a well-documented strategic and pragmatic approach from project inception stage throughout the project life cycle, that would ensure the envisaged financing benefits are optimized.

In accessing both foreign and local loans, grants and issuance of guarantees, the Government is guided by the Government Loans, Guarantees and Grants Act, CAP 134 (the Act), the Medium Term Debt Strategies (MTDS) and Development Cooperation Framework (DCF). Meanwhile, in endeavour to ensure effective project management, Public Investment Management Operational Manual (PIM-OM) has been used as a reference document.

WHY THESE GUIDELINES?

1. Compliment other existing documents by providing a link and synchronizing activities from project preparation, financing process and implementation as well as the negotiations process for raising loans, issuance of guarantees and receiving grants.
2. Unless directed or procedures require otherwise but without prejudice to the relevant legislations and existing documents, the processes in (1) shall follow these Guidelines.

Notwithstanding the existence of PIM-OM, DCF, MTDS and relevant legislations, there is no comprehensive document that guides holistically the key steps of the project life-cycle, negotiations for financing and approval processes. As a result, there has not been explicit link and synchronization of activities from project preparation, financing process and implementation. This has led to lack of project ownership by some of the implementing agencies, inadequate project preparations, delays in negotiations and implementation, high borrowing costs and cost variations in most projects.

It is against this background that the Government has developed these Guidelines to bridge the gap with a view to steering up project planning and implementation as well as the negotiations process for raising loans, issuance of guarantees and receiving grants. Therefore, unless directed or procedures require otherwise but without prejudice to the relevant legislations and existing documents, all matters relating to project planning, raising loans, receiving grants and issuance of guarantees by the Government are required to follow these Guidelines.

1.2 Objectives of the Guidelines

The general objective of these Guidelines is to guide on project planning, negotiation for financing, implementation, coordination, monitoring and evaluation. In line with this general objective, the specific objectives include to:

I. Describe project planning, screening and approval processes;

II. Characterize the negotiation process for securing financing of projects;

III. Provide guidance on the key elements of project implementation and coordination;

IV. Define the roles and responsibilities for each institution involved in the project management and financing; a

V. Describe the project monitoring, reporting and evaluation issues.

1.3 Expected Results

Project planning and negotiation of all Government loans, issuance of guarantees and receiving grants will be steered by these Guidelines together with the governing laws, regulations and procedures. Thus, successful implementation of these Guidelines is expected, among other things, to ensure:

I. Increased efficiency in preparation, implementation and management of projects;

II. Increased funding of projects that are in line with national priorities;

III. Minimized negotiation costs and expedited borrowing process;

IV. Minimized cost and risks related to contracting loans, guarantees and grants;

V. Enhanced transparency in the process of raising loans, issuance of guarantees and receiving grants by the Government;

VI. Improved coordination and ownership of the project amongst the MDAs involved in project financing and implementation;

VII. Enhanced public debt management; and

VIII. Standardized approaches are used in the engagement between the Government and financiers.

1.4 Organisation of the Guidelines

The Guidelines are organised into five major chapters. Chapter One gives a brief background on the rationale of the Guidelines with regard to raising loans, issuing guarantees and receiving grants. Chapter Two presents the project planning by outlining key aspects to be considered during projects initiation, screening of project concept notes, preparation of project proposal, feasibility studies and detailed design reports as well as the approval processes for the same. Chapter Three describes negotiation process with the aim of securing finances through loans and grants at the most favourable terms and conditions.

Chapter Four addresses project procurement, implementation and coordination. It describes how projects should be managed to achieve predetermined objectives in an effective and efficient manner. Chapter Five stipulates institutional framework, monitoring, reporting and evaluation of projects. Additionally, this chapter defines the roles and responsibilities for each institution involved in project initiation, financing, implementation and evaluation.

CHAPTER

2

Project Planning

This Chapter describes key stages of project planning starting from the initiation, screening of project concept notes, preparation of project proposal/feasibility study and detailed design reports, approval processes, project cost allocation and project management database.

Project planning shall depend on the nature and complexity of projects. For the purpose of these Guidelines, projects are classified into three categories, namely: infrastructure, non-infrastructure and acquisition of goods. For successful implementation of development projects, every implementing agency should devote sufficient efforts during the early phases of the project planning.

2.1 Project Initiation and Conceptualisation

Project shall be initiated and conceptualised by the implementing agency. In the instance where the sector ministry brings up a project idea or concept which it will not implement on its own, it shall involve and assign the respective implementing agency that will be responsible for its implementation.

During initiation, the implementing agency shall engage relevant stakeholders in order to take into consideration existing and future development plans of other sectors. The objective is to avoid duplication of efforts, overlapping of activities and unnecessary destruction of existing infrastructure during implementation of the respective project.

KEY GUIDELINES

1. Under no circumstances shall the implementing agency use or submit the concept note prepared by the contractor and/ or financier.
2. In the instance where the sector ministry initiates a project which it will not implement on its own, the ministry shall assign and involve the respective implementing agency that will be responsible for its implementation.
3. Under no circumstances shall the concept note be used for borrowing.
4. Engaging key and relevant stakeholders is mandatory.

Once the project is identified, the implementing agency shall prepare a project concept note focusing on, among other things, the following:

I. Existing need for the project in terms of size, scope as well as current and future benefits and demand for the project;

II. Linkage with national development vision, goals and priorities;

III. Preliminary project cash flow projections where applicable;

IV. Brief analysis of socio-economic impact of the project;

V. Value addition of the project;

VI. Expected source of finance, human capital and technology;

VII. Coordination aspects that could assist project take off;

VIII. Potential risks and mitigation mechanisms;

IX. Indication of opportunity costs of the envisaged project where applicable;

X. Overview of Environmental and Social Impact Assessment (ESIA) where applicable; and

XI. Overview of compensation/resettlement action plan of Project Affected Persons (PAPs), where applicable.

Under no circumstances shall the implementing agency use the concept note prepared by the contractor and or financier. Similarly, no concept note shall be used for borrowing.

2.2 Project Concept Note Screening

The concept note for the identified project shall be screened, owned and endorsed by the sector ministry before being submitted to the institution responsible for national planning in accordance with the timelines stipulated in **Appendix I**.

The institution responsible for the national planning shall screen the submitted project concept note based on items indicated on **Section 2.1** of these Guidelines. In addition, the institution responsible for the national planning shall, among other things, focus on the following aspects:

I. National development priorities in accordance with the National Development Plan;

II. Strategic importance of the project;

III. Project viability indication; and

IV. Involvement of key stakeholders to ensure consideration of existing and future development plans of other sectors.

KEY GUIDELINES

1. Under no circumstances shall the sector ministry submit the concept note to the institution responsible for national planning that it has not scrutinised, appraised and owned.

2. Only concept note accepted by the institution responsible for national planning will proceed to the levels of undertaking feasibility study and or project proposal preparations.

The institution responsible for national planning may comment, accept or reject the concept note and communicate to the respective sector ministry about the screening results in accordance with timelines stipulated in **Appendix I**.

The implementing agency whose concept note has been accepted, will proceed with undertaking of feasibility study or preparation of project proposal depending on the category of the project as indicated in **Table 1**.

2.3 Preparation of Feasibility Study Report or Project Proposal

The implementing agency shall prepare feasibility study report or project proposal which will examine the extent to which the project is able to meet its financial, economic and social objectives.

For infrastructure projects, the implementing agency shall undertake feasibility study whereas for non-infrastructure projects and acquisition of goods, a project proposal shall be prepared. Further, in the context of acquiring goods, the project proposal shall stipulate technical specifications/user requirements for the intended goods.

In case the implementing agency has no capacity to undertake the feasibility study or prepare project proposal, an independent consultant shall be procured for the assignment. The implementing agency shall ensure that the feasibility study report conforms to the Terms of Reference for the assignment. Regardless of any condition, the implementing agency shall review, own and remain accountable for the reports.

The process of undertaking feasibility study or preparing project proposal must at all times be independent from other interested stakeholders, specifically prospective contractor and financier. Under no circumstances shall the implementing agency use the feasibility study report or project proposal prepared by the prospective contractor and or financier.

The sector ministry shall include the cost for preparation of feasibility study or project proposal in its annual budget. In case the cost of preparation of feasibility study or project proposal is covered by financiers in the form of grant, it shall be free from unfavourable terms and conditions. Implementing agency shall not finance preparation of feasibility study or project proposal through

KEY GUIDELINES

1. Under no circumstances shall the implementing agency use the feasibility study and or project proposal prepared by the prospective contractor and/or financier.

2. Sector ministry shall ensure that the costs for undertaking feasibility study or preparing project proposal are included in their respective annual budget. If preparation of the documents is financed through grants, the grant shall be free from unfavourable terms and conditions.

3. Unless, the minister responsible for finance is advised otherwise by the NDMC, preparation of feasibility study or project proposal shall not be financed through borrowing.

4. In the instance where the indepe-ndent consultant undertakes feasibility study or prepares project proposal, the implementing agency shall review, own and remain accountable for the reports.

5. In case of regional projects, preparation of feasibility study report or proposals may be financed through relevant secretariat.

borrowing unless, the minister responsible for finance is advised otherwise by the National Debt Management Committee (NDMC. Preparation of feasibility study report or proposals for regional (EAC, SADC) projects may be financed through relevant secretariat.

TABLE 1: PROJECTS CATEGORISATION					
S/N	PROJECT	DOCUMENTS			
1.	**Infrastructure (Hard and Soft)***	Concept Note	Feasibility Study**	Project Proposal	Detailed Design
	*Conventional method****				
	Design and build				
	EPC				
2.	**Acquisition of Goods**				
3.	**Non-infrastructure**				
	KEY				
	*	This may include other methods such as design build and operate			
	**	Feasibility Study shall contain Basic/Preliminary design where applicable			
	***	Traditional/Conventional Procurement Method			
	EPC	Engineering Procurement and Construction			
		Implies for that particular project, the document is required			

2.3.1 Elements of Feasibility Study Report or Project Proposal

The implementing agency shall ensure that the feasibility study report or project proposal is detailed, robust, realistic and portrays a true picture of project viability. Further, the feasibility study or project proposal shall contain all necessary information to enable an informed decision.

The feasibility study report or project proposal shall among other things, include the following:

I. Rationale of the project;

II. Estimated project costs;

III. Resources required in terms of human and technology;

IV. Environmental and social impact assessment where applicable;

V. Project potential risk and mitigation mechanism;

VI. Tentative implementation plan;

VII. Project sustainability plan;

VIII. Monitoring and evaluation framework including logical framework where applicable;

IX. Compensation/resettlement mechanism, where applicable;

X. Project economic and financial analysis where applicable;

XI. Identification of local content opportunities;

XII. Legal, regulatory and tax related aspects; and

XIII. Preliminary/basic design where applicable.

KEY GUIDELINES

1. The implementing agency shall ensure that the feasibility study and or project proposal contain all necessary information to enable an informed decision and portray true picture of project viability.
2. The feasibility study report or project proposal should reflect cost estimates for all components associated with the project that include cost of core project activities, consultancy/supervision services, management and contingency.
3. The sector ministry shall review, own and endorse the feasibility study report or project proposal before submitting the same to the institution responsible for national planning for scrutiny and recommendation.
4. The institution responsible for national planning shall notify the sector ministry by providing the project appraisal review report on the submitted feasibility study report or project proposal.

The feasibility study report or project proposal should also reflect cost estimates for all components associated with the project that include cost of core project activities, consultancy/supervision services, management and contingency.

2.3.2 Review Process

The sector ministry shall review, own and endorse the feasibility study report or project proposal prepared by the implementing agency before submitting the same to the institution responsible for national planning for scrutiny and recommendation in accordance with **Section 2.3.1** of these Guidelines.

In the review process, the institution responsible for national planning shall, where necessary, co-opt expert(s) with capability and relevant skills to review and scrutinise the report. The institution responsible for national planning shall analyse and scrutinize all components and technical aspects of the feasibility study report or project proposal including using financial and economic models to confirm viability and value for money of the project.

The institution responsible for national planning shall notify the sector ministry by providing the project appraisal review report on the submitted feasibility study report or project proposal in accordance with timelines stipulated in **Appendix I**.

KEY GUIDELINES

1. Except for infrastructure projects, which are implemented through Conventional/Traditional Procurement Method in which the implementing agency shall proceed with preparation of detailed design (if its feasibility study report or project proposal has been accepted by the institution responsible for national planning), in other category of projects, the implementing agency shall proceed with financing process.

2. Depending on the category of the project, no project shall be submitted for financing unless its feasibility study or project proposal (which may include technical specifications) or detailed design have been reviewed and accepted by the institution responsible for national planning.

The implementing agency whose feasibility study report or project proposal has been accepted by the institution responsible for national planning, will proceed with financing process or preparation of detailed design depending on the category of the project as indicated in **Table 1**.

For non-infrastucture projects, acquisition of goods and infrastructure projects that are implemented through Design and Build or Engineering Procurement and Construction (EPC)/Turnkey or similar methods, the sector ministry among other documents, shall submit the project appraisal review report to the Chairperson of the National Debt Management Committee (NDMC) for financing processes.

In case a particular project has components that fall under different implementation categories of these Guidelines, the implementing agency shall ensure that the submitted project contains all required information as shown in **Table 1**.

Regarding infrastructure projects which are implemented through Conventional/Traditional Method, the implementing agency shall proceed with preparation of detailed design.

2.4 Preparation of Project Detailed Design Report

The implementing agency shall ensure that the detailed design report is robust, reliable and reflects realistic cost estimates for all components associated with the project in order to limit variations during implementation. The cost shall include but not limited to engineering works, consultancy/supervision services, management, provisional sum and contingency.

The detailed design report shall among other things, include the following:

I. Detailed statement of requirement;

II. Technical specifications;

III. Drawings and calculations;

IV. Detailed project cost estimates; and

V. Project management and administration plan.

The implementing agency through the sector ministry shall, where necessary, ensure that the institution responsible for national planning is involved in key stages of detailed design preparation.

The sector ministry shall review, own and endorse the detailed design report prepared by the implementing agency before submitting the same to the institution responsible for national planning for review and recommendation. During the review process, the sector ministry where necessary and or upon request will make a presentation of the submitted documents to the institution responsible for national planning.

KEY GUIDELINES

1. Except for flagship projects, core activities shall carry at least 80 percent of the total project cost while the remaining portion shall be allocated for non-core activities (if any).
2. The institution responsible for national planning shall maintain NPMIS of all project documents submitted along the project life cycle.
3. Pipeline projects in the NPMIS shall, at least once in three years be reviewed by the sector ministry.

The institution responsible for national planning shall notify the sector ministry by providing the review report on the submitted detailed design report in accordance with timelines stipulated in **Appendix I.**

The implemeting agency whose detailed design report has been accepted shall through the sector ministry, submit it along with feasibility study and project appraisal review report to the Chairperson of the National Debt Management Committee (NDMC) for financing processes.

2.5 Project Cost Allocation

The implementing agency shall ensure that funds are allocated depending on the nature and magnitude of the project. For flagship projects, core activities shall carry at least 90 percent of the total project cost while the remaining percent shall be allocated for non-core activities (if any). In case of other strategic projects, core activities shall carry at least 80 percent of the total project cost while the remaining portion shall be allocated for non-core activities (if any).

2.6 National Projects Management Information System (NPMIS)

In ensuring proper coordination and tracking of projects, the institution responsible for national planning shall maintain an information system for all project documents submitted along the project life cycle.

The project proposal or feasibility study and detailed design reports of pipeline projects in the NPMIS shall be reviewed at least once in three years. The institution responsible for national planning shall notify the sector ministry to update the NPMIS project documents.

CHAPTER

3

Negotiation Process

The ultimate goals of the negotiation process shall be to secure financing for projects/programs at the most favourable terms and conditions, minimize risk to the Government and to resolve any foreseeable implementation related issues. In order to achieve these goals, this Chapter provides insights towards ensuring fruitful negotiations.

Negotiation process entails the following key stages:

I. Preparation of preliminary matrix of issues;

II. Formation of GNT;

III. Pre-negotiation activities; and

IV. Negotiation with the financier.

3.1 Preparation of Preliminary Matrix of Issues

After approval by minister responsible for finance to proceed with the loan/grant, ministry responsible for finance shall, where applicable,prepare a preliminary matrix of issues to be worked upon by the Government Negotiation Team (GNT) in order to form the Government Position before negotiation.

KEY GUIDELINES

1. Under no circumstance shall GNT appear for negotiation before confirming the readiness of the implementing agency to execute the project.
2. In the event of any matter of which the GNT has no common position, it shall request for recess in order to obtain the Government position.
3. The GNT shall have a clear understanding and assessment of contemporary domestic and global economic, political and social environment conditions that may affect the negotiation process and their parameters.
4. The GNT shall be conversant with the interests of the Government and financier on the key aspects of issues to be negotiated.
5. Cost estimates indicated in either the project proposal, feasibility study and or detailed design documents shall be used as estimates of the amount to be solicited for the project.

3.2 Formation of the Government Negotiation Team

The GNT shall be constituted from various relevant MDAs depending on their key roles or responsibilities in relation to the project to be implemented. The team composition should be multidisciplinary and at minimum, draw members from the following institutions:

I. Ministry responsible for finance;

II. Representatives of the Revolutionary Government of Zanzibar (where applicable);

III. Ministry responsible for foreign affairs;

IV. Sector ministry and implementing agency;

V. The Office of Attorney General;

VI. Bank of Tanzania;

VII. Key stakeholders from relevant MDAs based on the institutional competencies needed for each role in the negotiating process; and

VIII. Independent advisors and or any other person deemed appropriate by the minister responsible for finance if required.

The ministry responsible for finance shall initiate formation of the GNT. Appointment of GNT members shall consider individual's relevant experience, negotiation skills, relevant expertise, technical capabilities, personality and integrity. Institutional roles with regard to the specific responsibilities are covered in **Chapter 5**.

3.2.1 Lead Institution and the Chief Negotiator

The ministry responsible for finance on behalf of the Government shall lead negotiations with financiers. The Chief Negotiator is the Minister responsible for finance. However, through an instrument, the Minister may delegate his powers in accordance with the Act. The Chief Negotiator shall have thorough preparation for the negotiations to understand the subject matter. This will enable him/her to be in a better position to listen critically, respond convincingly and act decisively against the counter-arguments or proposals.

3.2.2 Responsibilities of the Government Negotiation Team Members

I. The responsibilities of the Chief Negotiator shall, among others, be as follows:

   1. Spokesperson for the GNT;
   2. Decision-maker for the GNT at the negotiations table;
   3. Agenda director for the negotiation sessions;
      a. Act as liaison between GNT and the Government;
   4. Conduct briefing sessions with other members of the GNT;
   5. Resolve all issues within his/her scope of authority; and
   6. Prepare and submit report of negotiations to the relevant authority.

II. Responsibilities of other GNT members from:

   1. Ministry responsible for finance:
      a. Provide information on preliminary engagement with the financier;
      b. Provide experience on already contracted loans with the same financier;
      c. Provide debt and other statistics, including the impact of the envisaged loan on the total debt portfolio;
      d. Guide on the impact of the envisaged borrowing on current and future fiscal performance; and
      e. Ensure the borrowing do not contradict with fiscal policies.

   2. Ministry responsible for Foreign Affairs:
      a. Assist in undertaking due diligence of the financier, supplier, consultant or contractor where need arise;
      b. Provide information on bilateral and multilateral agreements and treaties; and
      c. Provide information on external/international cooperation policies of the envisaged lender/financier.

3. Implementing agency and sector ministry:
    a. Provide technical details of the project;
    b. Provide information/experience on similar projects i.e. completed and in progress reports;
    c. Provide evidence of its technical capability to implement the envisaged project and in the absence of such capability, indicate appropriate plans to bridge the gap; and
    d. Provide evidence of project sustainability.

4. The Office of Attorney General:
    a. interpret legal clauses of the draft agreements and laws relevant to the negotiations;
    b. guide on legal clauses of the loan/grant agreements;
    c. participate in drafting loan/grant agreements; and
    d. ensure the legal clauses are consistent with national laws.

5. Bank of Tanzania:
    a. provide analyzed domestic and external market information, particularly those relating to financial risks (i.e. interest, country's risk premium and exchange rate movements);
    b. guide on financial clauses in the loan/grant agreements;
    c. ensure financial clauses of the loan agreement do not contradict with monetary and financial objectives of the country;
    d. guide on the envisaged impact of borrowing on monetary policy; and
    e. provide banking arrangements.

3.3 Pre-negotiation Activities

The purpose of pre-negotiation activities shall be to develop a thorough understanding of the subject under negotiation, set position of the Government and gather all key documents and reference materials for negotiations.

The GNT shall not be rushed into negotiations. A number of activities have to be undertaken before embarking on negotiation. This section elaborates such activities, including verification of readiness of the project implementation, setting the negotiation position, devising strategies and identifying positions of the financier.

3.3.1 Verification of Project Readiness

This is a very critical stage, irrespective of whether a country wants to negotiate an agreement for borrowing or an undertaking for obtaining a grant. The GNT shall confirm readiness of the implementing agency to execute the project before appearing for negotiation. The key items to be verified by the GNT, depending on the nature of project and or financing, shall include the following:

I. Where applicable, approved project proposal, feasibility study and or detailed design are in place. Cost estimates indicated in the respective aforementioned documents shall be used as estimates of the amount to be solicited for the project.

II. Both management consultant and or contractor must have been procured in case of tied financing. For non-tied financing, implementing agency shall confirm its internal supervision capacity otherwise consultant for project supervision should be in place or procurement for the same should be relatively at the final stages.

III. Structure of an effective PIT with staffing requirements and its related budget allocation.

IV. Institutional structure for management of the project (Project Steering Committee).

V. Compensation/resettlement action plan in place.

VI. Confirmation for availability/ acquisition of project site.

VII. All statutory requirements to be in place, such as environment and social impact assessment.

VIII. Compliance with relevant regulatory requirements; and

IX. Evidence of key stakeholders' involvement and their comment to confirm that the respective project has considered the existing and future development plans.

Upon satisfaction on the project readiness, the GNT shall conduct the first pre-negotiation meeting at least three weeks prior to the proposed negotiation date.

3.3.2 Review of the Documents

GNT shall have a clear understanding of the project documents and draft agreement(s) to be negotiated. The ministry responsible for finance shall provide to the GNT the respective documents for review which shall among others include the following:

I. Draft loan/grant agreements, project documents (feasibility study report, project proposal report, detailed design report, project appraisal document/project appraisal report, environmental and social impact assessment report, resettlement action plan) and signed mandate letter.

II. The National Development Plan, relevant sector investment plan, Medium Term Debt Strategy (MTDS), Debt Sustainability Analysis (DSA), Country Assistance Strategy (CAS), Treaties (multilateral and Bilateral), Development Corporation Framework (DCF) and Government Loans, Guarantees and Grants Act, Cap 134 and other related laws; and

III. Minutes of previous negotiation(s) with the financier to determine identified challenges, implications and resolutions.

3.3.3 Emerging Issues

The GNT shall have a clear understanding and assessment of contemporary domestic and global economic, political and social environment conditions that may affect the negotiation process and their parameters. Such information will help the GNT to understand how the issues have evolved, highlight the areas in which difficulties can be expected and provide information which can guide decisions.

3.3.4 Setting the Government Position

The GNT shall establish the Government position on the key provisions of the draft financing agreements through consultation and guidance from the relevant Government authorities. The GNT and the relevant Government authorities shall agree on the following aspects:

I. The broader national interests connected to the project under which the financing is negotiated;

II. A fall-back position, beyond which the negotiation team will have no mandate and when should it be exercised; and

III. The negotiation strategy.

3.3.5 Devising Strategies

Procedures shall be devised that will allow the GNT to anticipate and guide itself through potential shortfalls. One of the most useful approach (where applicable) is to develop a fall-back position, famously known as Best Alternative To a Negotiated Agreement (BATNA). This will help to establish a bottom line: the "worst" acceptable outcome.

To establish a BATNA, it is recommended that the GNT develops a list of possible negotiated outcomes from which the most plausible ones are to be developed in greater detail. Further, the GNT should not be forced to negotiate or agree on the issue if they do not have a Government position.

3.3.6 Identifying Positions of the Financier

The GNT shall develop insight about the interests of the financier on the key aspects to be negotiated. This will help to understand the financier's concerns and aspirations, the dynamics in which they operate, and their operational environment which can be utilized to secure better terms.

3.3.7 Matrix of Issues

GNT shall, where applicable, prepare a comprehensive matrix of issues to facilitate negotiation. The matrix shall contain Government position on different provisions of the financing agreement. Upon developing the matrix of issues, parties may exchange clauses that need to be considered and the proposed wording on the said clauses before the negotiation date.

3.3.8 Other Conditions

The GNT shall strive to avoid condition required by some financiers to put in place project counterpart funds and where such condition cannot be avoided, contribution in kind may be considered.

For the tied loans which demand a significant percentage of goods or equipment to be procured from the financier's country, the GNT shall strive to maximize the percentage of local content.

3.4 Negotiation with the Financier

Interaction with the financiers may take various approaches, such as formal face to face, video/telephone conferencing or email discussions on the project documents and draft financing agreements. The GNT members shall always arrive at the venue of negotiation on time. In case of any intervening matters, the other party should be notified in advance.

The members shall always communicate through the Chief Negotiator. In the event of any matter of which the GNT has no common position, it shall request for recess in order to obtain the Government position. During the negotiation the GNT shall, among other things and where applicable, have the following documents:

I. Negotiation instrument;

II. Reviewed draft loan/grant agreement and negotiated term sheet;

III. Respective General Terms and Conditions of the financier;

IV. Signed mandate letter for syndicated loans;

V. Matrix of issues containing the position of the Government;

VI. Project documents; and

VII. Other relevant reference documents such as Acts, Debt Sustainability Analysis Report, Medium Term Debt Management Strategy, budget speech, recent macro-economic performance data, DCF and bilateral/multilateral agreements.

CHAPTER

4

Project Procurement, Implementation and Coordination

This chapter provides guidance on the key elements of project procurement, implementation and coordination that are designed to ensure that predetermined goals and objectives are met in an effective and efficient manner.

4.1 Procurement

Upon declaration of effectiveness of the financing agreement, the implementing agency shall initiate the procurement process for consultants and/or contractors. However, there are some instances where procurement contracts under tied loans are signed prior to signing of financing agreements.

Irrespective of contracting arrangement or method of financing, procurement for goods, works and services financed out of the proceeds of the loan or grant shall be done in a manner that maximizes competition with a view to achieve economy, efficiency, transparency and value for money. In instances where financier insists both contractor and consultant to originate from the same country or region, the implementing agency shall under-

KEY GUIDELINES

1. Implementing agency must allocate budget for the Project Implementation Team.
2. In addition to post inspection, goods and equipment shall be pre-inspected by a competent team in accordance with the terms and conditions of agreement.
3. Local contractors, suppliers and service providers (Local Economic Operators) shall be involved in the project (through subcontracting, joint ventures or strategic partnerships with the foreign contractors and suppliers) whenever possible.
4. Irrespective of procurement rules and procedures to be applied, competition must be ensured and internal approval procedures must be adhered to.
5. The implementing agency shall actively participate in implementation and supervision of the project

take the procurement process and through due diligence ensure that the companies are not interrelated.

Irrespective of the procurement rules and procedures to be applied, the implementing agency shall adhere to internal approval procedures.

For the purpose of maximizing use of local content, the implementing agency shall ensure that, goods and equipment that are locally manufactured are sourced for the project, provided that they meet the required standard and quality. Likewise, Local contractors, consultants, suppliers and service providers (Economic Operators) shall be involved in the project through subcontracting, joint ventures or strategic partnerships with the foreign contractors and suppliers. Therefore, the implementing agency shall ensure procurement contracts contain provision for involvement of Local Economical Operators, counterpart staff (for technology transfer) and the use of locally manufactured goods whenever possible and or applicable.

The implementing agency should undertake due-dilligence on respective companies prior to engagement. In addition to post inspection, depending on the nature of contracted goods, equipment and services supplied through proceeds of tied loans shall be pre-inspected and scrutinized for prices and quality through a competent inspection team to determine their value and fitness for the intended purpose.

The ministry responsible for finance through the Technical Audit Section (TAS) or any other technical team appointed on an ad hoc basis, may perform inspection on the supplied goods, equipment and related services, to ensure value for money is achieved.

In assessing the value for money, the technical inspection team shall, among other things consider:

I. Compliance with required specifications;

II. Quality of supplied goods, equipment and related services as may be applicable;

III. Standards and value of the project implemented or goods acquired;

IV. Resources utilized versus intended objectives, purposes, vision, mission; and

V. Cost minimization.

Without prejudice to the above, the team, shall specify in advance other appropriate criteria or factors to be considered in determining if the value for money has been achieved.

4.2 Project Implementation

Implementing agency shall implement the project in accordance with the terms and conditions of the signed contract with economic operators. During implementation of the project, the implementing agency shall ensure the following:

I. Project Ownership

The implementing agency shall own the project by actively engaging in implementation and supervision of the project. In addition to that the implementing agency shall also be required to:

1. Attach counterpart staff to the project for the purpose of technology transfer;
2. Conduct regular site meetings to discuss implementation progress;
3. Certify invoices for payment before forwarding the same to the ministry responsible for finance through the sector ministry for review, authorization and onward transmission to the financier for payment. The process must abide to contractual payment schedule on settlement of invoices;
4. Obtain dummy exchequer at the ministry responsible for finance in case of D-Fund to warrant recognition of revenue in the entity's books and the Consolidated Fund; and
5. Provide facilitation budget for the PIT to conduct its duties.

II. Establishment of the Project Implementation Team (PIT);

For timely and efficient implementation of the project, each project shall have a fully dedicated PIT with competence and interpersonal skills relevant to the project to be implemented.

When constituting the team, the implementing agency shall consider among other factors:

1. The nature of the project;
2. The nature of the working environment and the management style of the team; and
3. Internal and external communication requirements.

Depending on the size, nature and complexity of the project, the PIT may, from time to time, utilize other individuals on an ad hoc basis.

KEY GUIDELINES

1. The implementing agency must constitute a dedicated Project Implementation Team.
2. The ministry responsible for finance shall monitor implementation of projects to determine value for money.
3. Heads of implementing agencies shall submit periodic progress reports to the ministry responsible for finance.
4. Coordination should be at all stages from project initiation to project closure.

The PIT shall participate fully in the project implementation including over-seeing the supervisory role of the consultant for projects that are super-vised by consultants to ensure achievement of desired project's deliverables through management of project constraints (time, cost and scope).

Functions of the PIT shall, among other things, include the following:

I. Participate fully in the project implementation and monitoring to ensure achievement of desired project deliverables;

II. Ensure deliverables comply with content and quality requirements;

III. Manage modifications/ variation to the plan especially those with cost implication;

IV. Acquire necessary information and assess challenges, opportunities and potential risks of the project; and

V. Prepare periodic project progress report and communicate to management.

PIT shall plan in advance for activities to be coordinated during project implementation so as to enable detection of early warning signs for project hitches and take corrective measures accordingly.

The ministry responsible for finance being responsible in sourcing funds, shall periodically monitor implementation of projects to determine value for money at national level.

4.3 Project Coordination

Achievement of project objectives requires proper planning and coordination of activities across the project life cycle. Coordination should be at all stages from project initiation to project closure. Clear communication among the key players in the project is imperative to keep all involved personnel and entities in the loop. The implementing agency shall, among other things, ensure:

I. All key activities of the projects are implemented according to the plan;

II. Flow of information across the project team and other institutions involved, as illustrated in **Figure 1**;

III. Minimized duplication of resources;

IV. Involvement of all key and relevant stakeholders from project identification to project closure;

V. Synchronization of interrelated activities; and

VI. Project planning is aligned with existing and future development plans of other sectors.

The implementing agency shall define the information required to be disseminated, its format, audience and time to communicate.

CHAPTER

5

Institutional Framework, Monitoring, Reporting and Evaluation

The chapter defines the roles and responsibilities for each institution involved in the project management and financing. It further addresses monitoring, reporting and evaluation of projects to ensure timely and efficient completion of the projects.

5.1 Institutional Framework

Institutional arrangement or framework with clear segregation of roles and responsibilities for each of the players is a key to success of any project. The institutional framework in respect to these Guidelines consists of the following:

I. Implementing agency;

II. Sector ministry;

III. Ministry responsible for finance;

IV. The office of Attorney General;

V. Bank of Tanzania;

VI. Ministry responsible for foreign affairs;

VII. Controller and Auditor General; and

VIII. Institution responsible for economic empowerment.

The process path and roles of involved institutions from project initiation to monitoring and reporting (project life cycle) is illustrated in **Figure 1.**

5.2 Institutional Roles

5.2.1 Implementing Agency

Implementing agency shall be responsible for project management. Where a project falls in more than one agency, there shall be a key implementing agency which will be responsible and accountable for the implementation of such project. The selection of a lead agency or sector ministry shall be made by the relevant authority in case the project to be implemented cuts across different agencies or sector ministries. The main roles of the implementing agency in project implementation include the following:

I. Preparation of the project documents (concept note, project proposal, feasibility study and detailed design reports);

II. Allocation of budget for preparation of project documents;

III. Carrying out procurement process and sign contracts with contractors, suppliers and or service providers after successful negotiations;

IV. Sensitization of the public on the importance of a project;

V. Allocation of budget exclusively for PIT to enable effective and efficient supervision of projects;

VI. Ensure the PIT budget is solely utilized for the PIT activities once the project commences;

VII. Participation in the negotiations of the financing agreements and provide any information as directed by the GNT;

VIII. Execution of projects in line with available resources;

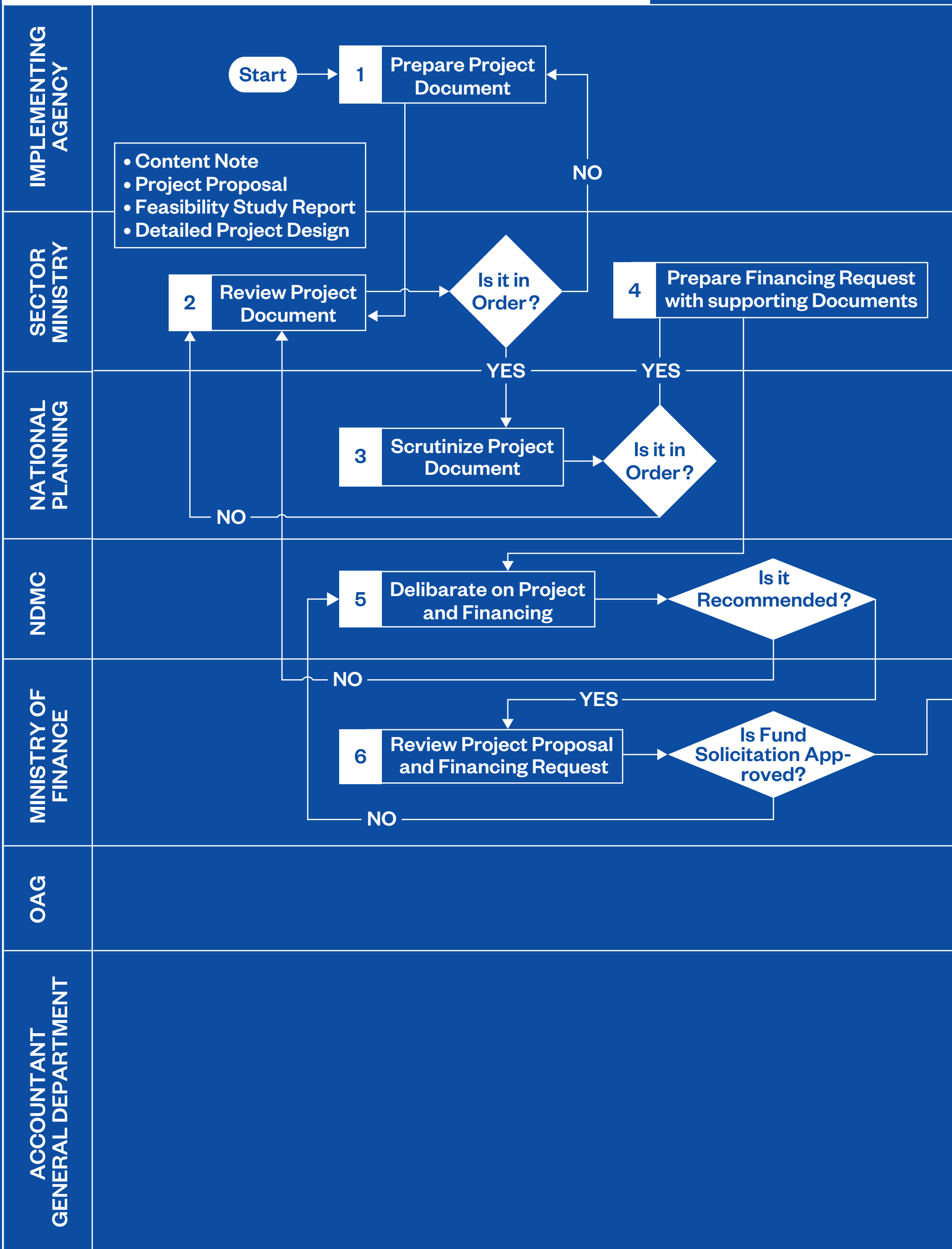
IX. Preparation of project progress reports and through sector ministry submit to the ministry responsible for finance and other relevant stakeholders;

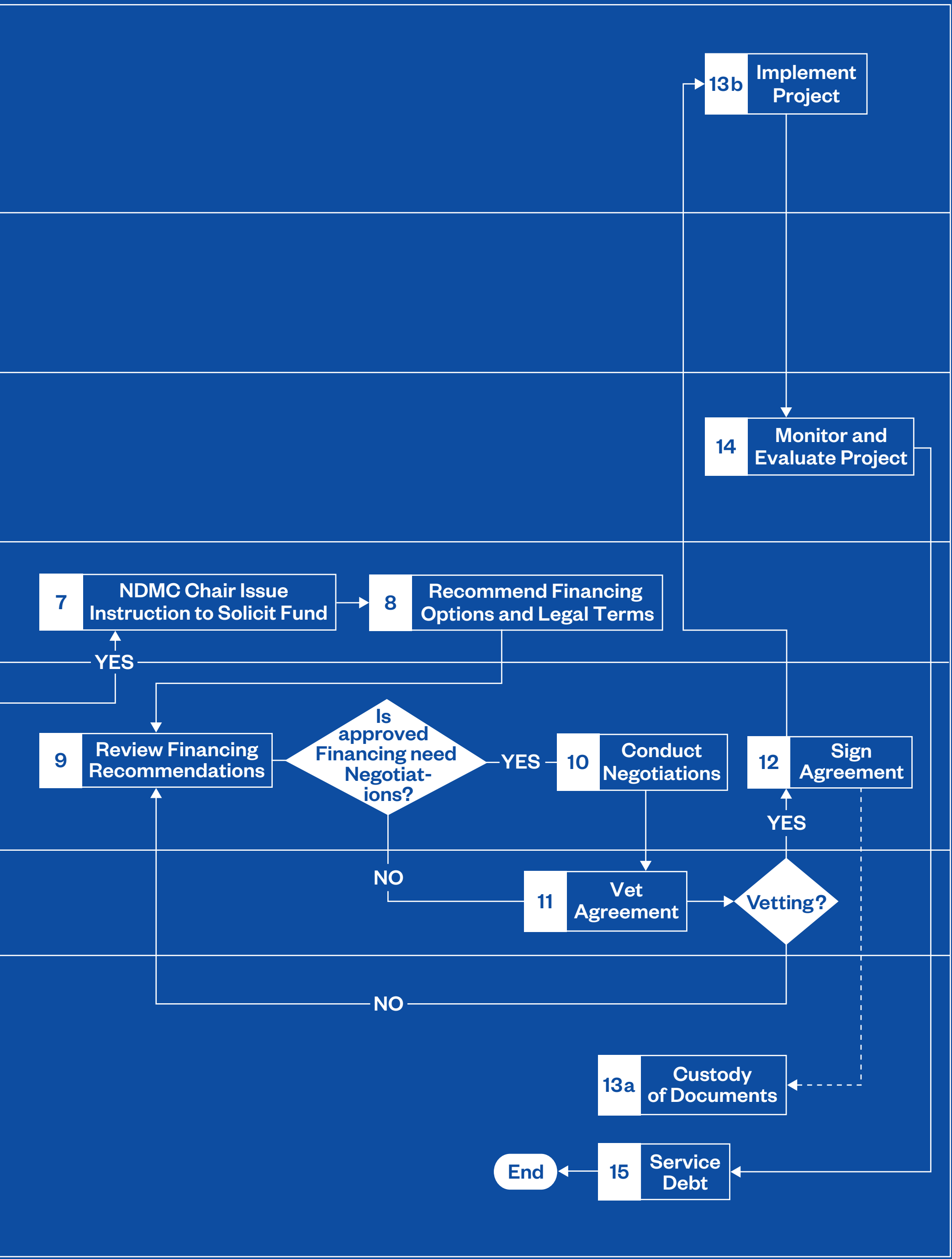
X. Review of work certificates if applicable and initiate withdrawal/disbursement applications;

KEY GUIDELINES

1. Where a project falls in more than one agency, there shall be a key implementing agency which will be responsible and accountable for the implementation of such project.
2. Implementing agency in collaboration with institution responsible for national economic empowerment shall identify and sensitize on national key elements of local content.
3. Implementing agency shall, through the sector ministry submit progress reports, project closure report and impact evaluation report to the ministry responsible for finance for review and actions.

FIGURE 1: ILLUSTRATION OF PROJECT FINANCING PROCESS




13b Implement Project
14 Monitor and Evaluate Project
7 NDMC Chair Issue Instruction to Solicit Fund
8 Recommend Financing Options and Legal Terms
YES
9 Review Financing Recommendations
Is approved Financing need Negotiat-ions?
YES
10 Conduct Negotiations
12 Sign Agreement
YES
NO
11 Vet Agreement
Vetting?
NO
13a Custody of Documents
End
15 Service Debt

XI. Management of the project to ensure that it achieves its objectives within the specified timeframe, cost and scope;

XII. Identification of key elements of local content such as supplies, local contractors, skills and workforce under the labor based contracts that may be sourced locally. Further, it shall sensitize the community in collaboration with the relevant institutions responsible for national economic empowerment to grasp opportunities during implementation of the project; and

XIII. Ensure sustainability of the project.

5.2.2 Sector Ministry

This is the ministry to which the implementing agency reports. The sector ministry may also be an implementing agency where institutional set-up does not accommodate assigning a project to a particular agency.

Where a project falls in more than one ministry, there shall be a key ministry which will be responsible and accountable for the implementation of such project. The key functions of the sector ministry shall include, among other things, to:

I. Act as intermediary between the implementing agency and/or beneficiary and the ministry responsible for finance;

II. Review project preparation documents, withdrawal application form and implementation reports before submitting to the ministry responsible for finance;

III. Participate in the negotiations for financing agreement;

IV. Ensure projects to be implemented are included in the ministry's budget and where applicable, counterpart funds are set in its respective budget;

V. Oversee project implementation falling under their respective portfolio;

VI. Establish and maintain database for projects in the respective ministry; and

VII. Undertake the roles outlined in **Section 5.2.1**, when the sector ministry is an implementing agency.

5.2.3 Ministry Responsible for Finance

The key functions shall include the following:

I. Review and approve concept note, project proposal, feasibility study and/or detailed design reports of projects;

II. Receive and disburse grants or borrowed funds to the implementing agency;

III. Ensure timely disbursement of counterpart funds to facilitate smooth implementation of projects;

IV. Identify potential sources of funding projects;

V. Review financing proposal, lead negotiations and sign the financing agreements;

VI. Authorize withdrawal/disbursement applications;

VII. Review implementation/progress report submitted by the implementing agency and conduct quarterly meeting with respective implementing agencies as well as taking appropriate actions accordingly;

VIII. Maintain database of all projects submitted for approval and funding;

IX. Maintain database of all financed projects through loans, guarantees and grants;

X. Assume custodianship of signed agreements and debt servicing;

XI. Act as an intermediary between the sector ministry and financiers;

XII. Receive and review project closure/evaluation report from sector ministry and where necessary, coordinate dissemination workshop with stakeholders to share experience gained; and

XIII. Follow up on the implementation of on-lending agreements.

5.2.4 The Office of Attorney General

The responsibilities of the Office of Attorney General (OAG) in relation to implementation of projects shall include to:

I. Participate in the negotiations of financing agreements;

II. Participate in drafting financing agreements;

III. Issue legal opinion as one of the conditions precedent for financing agreement effectiveness; and

IV. Vet all agreements relating to the project in accordance with the prevailing laws.

5.2.5 Bank of Tanzania

I. The responsibilities of the Bank of Tanzania (BOT) in relation to implementation of projects shall include:

II. Participate in the negotiations of financing agreements;

III. Maintain bank accounts of projects;

IV. Facilitate payments relating to projects before due date; and

V. Conduct comprehensive assessment on pricing of the facilities that include interest rates, commitment, legal and other associated fees.

5.2.6 Ministry Responsible for Foreign Affairs

The responsibilities of the ministry responsible for foreign affairs in relation to implementation of projects shall include:

I. Overseeing the Foreign Policy of Tanzania;

II. Be involved in coordinating bilateral and multilateral cooperation with other countries, and participate in negotiation of bilateral and multilateral cooperation agreements; and

III. Collaborate with the ministry responsible for finance in mobilization and negotiation of loan, guarantee and grants.

5.2.7 Controller and Auditor General

The responsibilities of the Controller and Auditor General (CAG) in relation to implementation of projects shall include:

I. Undertaking annual audit of project finances; and

II. Undertaking periodic performance audits of projects implementation to determine value for money.

5.2.8 Institution Responsible for National Economic Empowerment

The responsibilities of the institution responsible for national economic empowerment in relation to implementation of projects shall include but not limited to the following:

I. Collaborate with other institutions for the purpose of promoting utilization of goods, services and skills from local service providers;

II. Develop, review and implement an effective mechanism for monitoring, evaluating and reporting utilization of local content; and

III. Oversee performance of local content across different sectors of the economy.

The proposed timelines for series of activities from project initiation to monitoring and evaluation are as guided in **Appendix I**. All institutions involved in the project shall adhere to these timelines.

5.3 Monitoring

There shall be an on-going monitoring process whereby stakeholders obtain regular feedback on the progress being made on the implementation of the project towards achieving its goals and objectives.

Monitoring of projects shall at minimum, entails the following aspects:

I. Signing of performance instrument by members of the PIT to make sure that planned project activities are being implemented and completed as intended;

II. Minimizing change of key personnel/staff who are involved in the implementation of the project;

III. Ensuring availability of resources to enable effective monitoring of the project;

IV. Ascertaining whether or not any adjustments are needed in the management or implementation of the project tasks or whether or not the work plan needs revision based on unexpected and justifiable circumstances; and

V. Providing a framework for effective reporting of the progress of the project.

5.4 Reporting

There shall be progress reports for ongoing projects which must be submitted to the implementing agency and relevant stakeholders to track implementation of the project.

While the reporting intervals within the implementing agency may vary depending on the nature of the project, the key components/items of the report shall be well defined and articulated. However, the project implementing agency shall receive a written (weekly, monthly, quarterly, semi-annually and annually) progress report from the PIT. The implementing agency shall prepare quarterly and annual progress reports for submission to the relevant stakeholders, including financier as per contractual obligations. Reports for the ministry responsible for finance in particular shall include, among other things; project implementation status in relation to the duration of the project, disbursement information, consumption rate, challenges encountered and way forward.

5.5 Project Completion

Upon project completion, the implementing agency through the sector ministry shall prepare and submit to the ministry responsible for finance a project closure and evaluation reports. The report shall outline, among other things, the following:

I. Actual cost of the project, amount disbursed and amount utilized;

II. The major outputs and outcomes of the project against set targets;

III. The involvement and performance of Economic Operators;

IV. Skills and technology acquired from executing the project;

V. The extent of the use of locally manufactured goods;

VI. The key lessons learned and main challenges encountered during the execution of the project;

VII. Assessment of the socio-economic and environmental cost and benefits; and

VIII. Sustainability of the project.

5.6 Project Impact Assessment and Evaluation

Implementing agency shall assess performance of the project by measuring outcomes against set targets and sustainability of project results. It shall also within a reasonable time-frame proposed under **Appendix I**, produce Impact Evaluation Report that will include among other aspects, the economic worth of project and the long-term effects on community and environment. The report shall be shared to all key and relevant stakeholders.

Appendix I: Proposed Timelines for Process Path for Project Life Cycle

S/N	ACTIVITY	MAXIMUM NUMBER OF DAYS	RESPONSIBLE INSTITUTION/ PERSON	REMARKS
1.	Preparation of concept note	N/A	Implementing Agency	Preparation of the concept note from implementing agency and submit before September each financial year (if any)
2.	Review of concept note	14	Sector Ministry	Review of the concept note from implementing agency and submit to NP between September and October each financial year (if any)
3.	Scrutiny of concept note	14	National Planning	Concept note to be reviewed/scrutinized by NP within 14 days from the date of receipt
4.	Preparation of feasibility study/ project proposal	N/A	Implementing Agency	Number of days for preparation will depend on the size and complexity of the project
5.	Review of feasibility study	14	Sector Ministry	Review of the feasibility study report and submit to NP between September and October in each financial year
	Review of project proposal		Sector Ministry	Review of the project proposal and submit to NP between September and October in each financial year*

* For projects whose proposals can be prepared and completed without a need of a budget for their preparations, shall be submitted to the institution responsible for national planning for review in the same Financial Year.

<table>
<tr><th>S/N</th><th>ACTIVITY</th><th>MAXIMUM NUMBER OF DAYS</th><th>RESPONSIBLE INSTITUTION/ PERSON</th><th>REMARKS</th></tr>
<tr><td>6.</td><td>Scrutiny of feasibility study/project proposal</td><td>28</td><td>National Planning</td><td>Review/scrutinize within 28 days from the date of receipt</td></tr>
<tr><td>7.</td><td>Review of Detailed Design</td><td>28</td><td>National Planning</td><td>Review/scrutinize within 28 days from the date of receipt</td></tr>
<tr><td>8.</td><td>Submission of request for financing attached with project documents i.e. Feasibility study report, Project proposal, Detailed design, Project Appraisal Report to Chairman NDMC</td><td rowspan="3">7</td><td>Sector Ministry</td><td>Submission of the project documents within 7 days from the date of receiving clearance from NP</td></tr>
<tr><td>9.</td><td>Chairman of NDMC receive and instruct secretariat for review</td><td>Chairman NDMC</td><td rowspan="2">Secretariat should review and notify respective members including the sector ministry at least one week before the meeting</td></tr>
<tr><td>10.</td><td>NDMC Secretariat review of financing request and project documents</td><td>Secretariat/Ministry responsible for finance</td></tr>
<tr><td>11.</td><td>Review project documents and submit recommendations for financing to NDMC</td><td>3</td><td>TDMC</td><td>Secretariat to submit TDMC recommendations to NDMC</td></tr>
<tr><td>12.</td><td>Deliberate on project documents, financing request and advise Minister to solicit funds</td><td>3</td><td>NDMC</td><td>Secretariat prepares a report of NDMC recommendations and submit to the Minister for Finance for approval</td></tr>
<tr><td>13.</td><td>Approval to borrow</td><td>5</td><td>Minister for Finance</td><td></td></tr>
</table>

S/N	ACTIVITY	MAXIMUM NUMBER OF DAYS	RESPONSIBLE INSTITUTION/ PERSON	REMARKS
14.	Instruct EFD/DMD	2	Chairperson NDMC	Solicitation of financing according to procedures in place
15.	EFD/ DMD submission of financing request to financiers	N/A	Ministry responsible for finance	Submission of financing request to financiers within 3 days from the date of approval by the Minister of Finance
16.	Preliminary evaluation, analysis of received proposals and enquiry with financiers	7	Ministry responsible for finance	MoF, sector ministry, to conduct necessary reviews
17.	Deliberation of term sheet/draft financing agreements by TDMC	3	TDMC	Secretariat prepare papers for submission to TDMC
18.	Deliberation of term sheet/draft financing agreement by NDMC	3	NDMC	The process involves deliberation, preparation of minutes and submission of NDMC recommendations for Minister's approval
19.	Approval by Minister and issuing authority to negotiate	3	Ministry responsible for finance	NDMC chairperson submit recommendations to the Minister of Finance for approval
20.	Formation of GNT	3	Ministry responsible for finance	Minister to appoint chief negotiator through delegation instrument in accordance with the Act.

S/N	ACTIVITY	MAXIMUM NUMBER OF DAYS	RESPONSIBLE INSTITUTION/ PERSON	REMARKS
21.	Negotiations with financiers	N/A	GNT	Duration depends on complexity of issues under negotiations
22.	Vetting of financing agreements	14	OAG	OAG to vet the financing agreements
23.	Signing of financing agreements	N/A	Ministry responsible for finance	The time to depend on the availability of the financier
24.	Procurement	N/A	Implementing Agency	
25.	Implementation	N/A	Implementing Agency	
26.	M&E	N/A	Implementing Agency and National Planning	
27.	Project Impact Assessment	N/A	Implementing Agency	Shall be carried out between 1 and 3 years after project completion depending on the nature of the project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LEFT

1 **Dodoma Modern Bus Terminal**

2 **Ruvuma Grain Factory**

3 **High Court of Tanzania Building–Musoma Region**

4 **Healthcare facilities purchased by the Fifth Phase Government**

5 **Job Ndugai Central Market in Dodoma**

6 **Modern Library at the University of Dar es Salaam**

7 **The Julius Nyerere Hydropower Project (JNHPP) that is expected to produce 2,115 megawatts of electricity, under construction.**

BACK COVER

8 **Central Railway Line repair work from Tanga to Arusha on progress**

9 **Part of Ruvu Water Project in Mlandizi, Coast Region**

10 **Doctors performing brain surgery at Muhimbili Orthopaedic Institute (MOI)**


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9


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ABOVE: Fifth Phase President of the United Republic of Tanzania H.E Dr. John Pombe Magufuli, signing the wall of the Standard Gauge Railway (SGR) tunnel in Kilosa, Morogoro.