

Disclaimer : Ministry of Finance and Planning repository shall be regarded as a publisher and bears no liability for any damage upon using contents of the repository.

Finance and Accounts

Public Finance Management

2022

Public Finance Management Reform Programme Phase VI

Tanzania, United Republic

Ministry of Finance and Planning

<https://repository.mof.go.tz/handle/123456789/570>

Downloaded from Ministry of Finance and Planning Repository



THE UNITED REPUBLIC OF TANZANIA

MINISTRY OF FINANCE AND PLANNING

**PUBLIC FINANCE MANAGEMENT REFORM
PROGRAMME (PFMRP) PHASE VI**

STRATEGIC PLAN 2022/23 – 2026/27

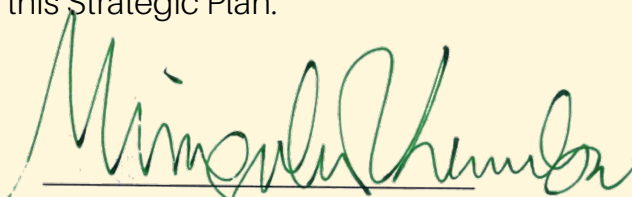
SEPTEMBER, 2022

PREFACE

It is with great pleasure that I present the Public Finance Management Reform Programme Phase VI Strategic Plan for the five-year period (2022/23-2026/27). The strategic plan addresses reforms through five strategic objectives identified as priority reform areas. Effective PFM should lead to improved economic development and improved quality and timeliness of service delivery. Contributing to achieving sound PFM are policy-based budget management, resource allocation, accountability for outcomes and independent audits. Sustained improvements in PFM are a prerequisite for achieving the targets in the Third Five Years National Development Plan (FYDP III), Tanzania Vision 2025, Zanzibar Vision 2050 and subsequent development plans.

The preparation of the PFM reform strategic plan has been characterised by sustained commitment, consultation, dialogue and issues reported by the PEFA diagnostic reports, the Controller and Auditor General reports and independent and self-assessments of the implementation of the PFMRP V. The overarching objective of the strategy is strengthening priority PFM dimensions so that by 2027, the Government has in place an “enhanced PFM system that is more efficient, effective and transparent.” The continuing PFM reform processes provides opportunities to bolster PFM reforms that are underway. This strategy has builds on what has already been achieved in the previous reform phases whilst considering emerging challenges.

All reform packages have implications for how things are done, and as a government, we are committed to the strategy and its objectives. We will demonstrate this commitment through giving the support needed to ensure successful achievement of the reforms by 2027. I thank everyone who has been involved in preparing this strategic plan, especially the Government team and Development Partners and look forward to achieving its objectives as we move into the implementation phase. In this regard, I call upon all Key Stakeholders including Government Institutions, Private Sector, Civil Society Organization, Development Partners (DPs) and General Public to fully participate in implementation of this Strategic Plan.



Dr. Mwigulu Nchemba Madelu (MP.)
MINISTER FOR FINANCE AND PLANNING

TABLE OF CONTENTS

1	OVERVIEW	1
1.1	BACKGROUND	1
1.2	RATIONALE FOR PFM RP VI	2
1.3	PURPOSE OF PFM RP VI	3
1.4	MAIN BENEFICIARIES	3
1.5	IMPLEMENTATION PERIOD	4
1.6	FINANCING ARRANGEMENTS	4
1.7	TECHNICAL SUPPORT	5
1.8	METHODOLOGY	5
1.9	LAYOUT	5
2	SITUATION ANALYSIS	7
2.1	PERFORMANCE REVIEW OF PFM RP PHASE V	7
2.2	LESSONS LEARNT IN IMPLEMENTING PFM RP V	23
2.3	CROSS CUTTING ISSUES IN PFM	24
2.4	PFM WAY FORWARD	26
3	PROGRAMME PLAN	27
3.1	PFM PRINCIPLES	27
3.2	GOAL	28
3.3	STRATEGIC OBJECTIVES	28
3.4	IMPLEMENTATION OF THE PFM RP VI	28
3.5	PFM RP VI THEORY OF CHANGE	43
3.6	PFM RP VI MONITORING AND EVALUATION FRAMEWORK	47
4	PROGRAMME MANAGEMENT AND INSTITUTIONAL ARRANGEMENTS	50
4.1	INTRODUCTION	50
4.2	MANAGEMENT ARRANGEMENTS	50
4.3	FINANCIAL MANAGEMENT	53
4.4	AUDITING	53
5	PROGRAMME RISK MANAGEMENT	54
5.1	INTRODUCTION	54
	APPENDIX 1: PFM RP VI MONITORING AND EVALUATION FRAMEWORK	56

ABBREVIATIONS AND ACRONYMS

ACGEN	Accountant General
AFROSAI-E	African Organization of Supreme Audit Institutions – English Speaking
AWPB	Annual Work Plan and Budget
BAMA	Bajeti na Matumizi
BD	Budget Division
BER	Budget Execution Report
BF	Basket Fund
BIS	Business Information System
BMIS	Board Management Information System
BOT	Bank of Tanzania
CAG	Controller and Auditor General
CBMS	Centralized Budget Management System
CG	Central Government
CIA	Certified Internal Auditor
CISA	Certified Information Systems Auditor
COVID-19	Corona Virus Disease -19
CSOs	Civil Society Organisations
CS-DRMS	Commonwealth Secretariat Debt Recording and Management System
DCF	Development Cooperation Framework
DFA	Development Finance Assessment
DMD	Debt Management Division
DPs	Development Partners
DPG	Development Partner Group
DPS PFM	Deputy Permanent Secretary, PFM
DSA	Debt Sustainability Analysis
EBF	Executives Budget Proposal
EFD	Electronic Fiscal Device
FAM	Financial Audit Manual
FFARS	Facility Financial Accounting and Reporting System
FISMD	Financial Information Systems Management Division
FYDP III	Five Year National Development Plan Three
GAMIS	Government Assets Management Information System
GAMD	Government Asset Management Department
GARI-ITS	Government Audit Recommendations Implementation Information Tracking System

GBD	Government Budget Division
GDP	Gross Domestic Product
GIA-MIS	Government Internal Audit Management Information System
GIS	Geographical Information System
GePG	Government electronic Payment Gateway
GoT	Government of Tanzania
GoT-HoMIS	Government of Tanzania Hospital Management Information System
GRB	Gender Responsive Budgeting
GRPFM	Gender Responsive Public Finance Management
HoR	House of Representatives
IAGD	Internal Auditor General's Division
IAU	Internal Audit Unit
ICT	Information and Communications Technology
IFMS	Integrated Financial Management System
INNF	Integrated National Financing Framework
IPPF	International Professional Practices Framework
IPSAS	International Public Sector Accounting Standards
ISAs	International Standards on Auditing
ISO	International Standard Organization
JSC	Joint Steering Committee
JSM	Joint Supervision Mission
KAP	Knowledge Attitude and Practice
KRSO	Key Result on Strategic Objective
LAAC	Local Authorities Accounts Committee
LGA	Local Government Authority
LGRCIS	Local Government Revenue Collection and Information System
MEAT	Most Economically Advantageous Tender
M&E	Monitoring and Evaluation
MDAs	Ministries, Departments and Agencies
MOFP	Ministry of Finance and Planning
MTDS	Medium Term Debt Strategy
MNRT	Ministry of Natural Resources and Tourism
MOU	Memorandum of Understanding
MTEF	Medium Term Expenditure Framework
MUSE	Mfumo wa Ulipaji Serikalini
NAOT	National Audit Office of Tanzania
NGOs	Non-Government Organizations
NIDA	National Identification Authority
NPMIS	National Project Management Information System
NTR	Non-Tax Revenue

OBS	Open Budget Survey
OCAGZ	Office of the Controller and Auditor General, Zanzibar
ODA	Official Development Aid
OSR	Own Source Revenue
OTR	Office of the Treasury Registrar
PAC	Public Accounts Committee
PAD	Policy Analysis Division
PBB	Programme Based Budgeting
PBO	Parliamentary Budget Office
PCM	Project Cycle Management
PEs	Public Entities
PEFA	Public Expenditure and Financial Accountability
PER	Public Expenditure Review
PFM	Public Finance Management
PFMRP	Public Finance Management Reform Programme
PI	PEFA Indicator
PIM-OM	Public Investment Management Operational Manual
PlanRep	Planning and Reporting
POM	Programme Operational Manual
PO-RALG	President's Office Regional Administration for Local Governments
PO-FP	Presidents' Office Finance and Planning
PPAA	Public Procurement Appeals Authority
PPRA	Public Procurement Regulatory Authority
PSC	Public Statutory Corporations
PSEs	Public Sector Entities
PST	Permanent Secretary to the Treasury
RGoZ	Revolutionary Government of Zanzibar
RITA	Registration, Insolvency and Trusteeship Agency
RSs	Regional Secretariats
SBAS	Strategic Budget Allocation System
SO	Strategic Objective
TANCIS	Tanzania Customs Information System
TANePS	Tanzania e-Procurement System
TDV	Tanzania Development Vision
TIRA	Tanzania Insurance Regulatory Authority
TIRAMIS	Tanzania Insurance Regulatory Authority Management Information System
TRA	Tanzania Revenue Authority
TSA	Treasury Single Account
TWG	Technical Working Group

URT	United Republic of Tanzania
USD	United States Dollar
UZA	Ununuzi Zanzibar
ZanMalipo	Zanzibar Malipo
ZDV	Zanzibar Development Vision
ZPPDA	Zanzibar Public Procurement and Disposal of Assets
ZRB	Zanzibar Revenue Board

CHAPTER ONE

1 OVERVIEW

1.1 Background

Since the 1990's the Government of United Republic of Tanzania identified the importance of effective PFM arrangements as a contributor to achieving the goals in national development plans. Leading from this, a series of public financial reform programs were launched, and these made a positive contribution to the management of public financial and non-financial resources. In 1998, the Government decided to manage the implementation of PFM reforms through Public Finance Management Reform Programmes (PFMRP). Phase I of PFMRP sought to improve shortcomings in key PFM areas including: the management of public resources, budget planning and preparation, financial reporting and accountability, public procurement management and external audit and oversight functions.

Since Phase I, four PFMRPs phases have been adopted and PFM reforms have been managed using this modality on a continuous basis from 1998 to 2022. As each PFMRP evolved the focus shifted to meet identified and emerging issues affecting PFM. However, what was consistent for all phases was: building and consolidating gains made in the previous phase; learning lessons and finding solutions to these. The contents of all PFMRP's were informed by independent diagnostic reviews (PEFA), regular assessment reports on the implementation of PFMRP and other relevant publications. Without going through a detailed history of the previous five (5) phases, many positive developments have been achieved at technical, legislative, organisational, working culture, skills development, and self-reliance levels in the public sector.

Despite the impressive gains made, some parts of the PFM framework have been persistently difficult to fully resolve and as such have rolled over from one phase to the next and sometimes beyond. For example, improving the transparency of Government reporting and accounting has been a recurring theme in the PFMRP phases. This PFMRP VI reflects the substantial inventory of the experiences of the past two-decades and seeks to provide solutions to complex problems through applying a logical and practical 'house building' approach.

1.2 Rationale for PFMRP VI

After a decade of consistent economic growth, the impact of COVID-19 caused a decline in economic growth from 7.0 percent in 2019 to 4.8 percent and 4.9 percent in 2020 and 2021 respectively. Tanzania's National development Vision 2025 and Five-Year Development Plan III (FYDP III) both reference the need for reliable PFM systems. Furthermore, the Zanzibar Development Vision 2050 identifies effective public finance management as a priority with a focus on domestic revenue mobilization. Public financing of development priorities in Tanzania continues to be constrained by weak domestic revenue mobilization and inefficiencies in the management of public finances.

The PEFA 2022 reported that the mid-term review shows that PFMRP V during its four out of five years of implementation has achieved about 49% of its combined outcome level and output level targets. PFMRP achievement has, however, been at a higher level (64%) when assessing what the Programme can be directly accountable for, i.e at the output level only. However, the PFMRP outputs have led to less than the planned changes at the outcome level (23%). The latter is attributable to many other factors beyond the control of activities implemented within the work plan and budget, and many of the PFMRP outcome targets reflect were ambitions. The mid-term review reported that the slow pace of implementation has significantly been contributed by the COVID-19 pandemic and withdrawing of some DPs from financing the programme activities. Overall, Tanzania's public financial management system has improved; however, scope remains to increase domestic revenues and control public spending.

To answer the question 'why have a PFMRP VI?' would be that the design and intent of this, is to recognise, address and resolve PFM issues identified in Government and External reports/assessments including the PEFA 2022 diagnostic. Integral to the PFMRP VI are proposals to address concerns on budget credibility, transparency and public access to fiscal information, public investments, internal audit, oversight functions, and strengthening PFM in LGAs and Zanzibar.

1.3 Purpose of PFMRP VI

The purpose of PFMRP VI is to improve and consolidate Public Finance Management systems to enhance efficiency, effectiveness, and accountability in managing public resources at all levels of Government. The purpose will be attained through delivering a comprehensive and inclusive set of sustainable Public Finance Management reforms; enhancing ongoing PFM reform initiatives; and reinforcing the legal environment, policy development, systems, processes, and institutional competence

1.4 Main Beneficiaries

The main beneficiaries from PFMRP VI are the core PFM institutions of Mainland Tanzania and Zanzibar include:

Mainland Tanzania:

- Ministry of Finance and Planning (MOFP),
- Presidents' Office Regional Administration and Local Government (PO-RALG),
- Ministry of Natural Resources and Tourism (MNRT¹),
- Other Independent Institutions:
 - National Audit Office of Tanzania (NAOT),
 - Public Procurement Regulatory Authority (PPRA),
 - Public Procurement Appeals Authority (PPAA),
 - Office of Treasury Registrar (OTR),
 - Tanzania Revenue Authority (TRA), and
 - Parliamentary Budget Office (PBO) for Tanzania Mainland.

In Zanzibar:

- Presidents' Office Finance and Planning (PO-FP),
- Zanzibar Revenue Board (ZRB),
- Zanzibar Planning Commission,
- Office of Internal Auditor General,
- Office of Treasury Registrar,
- Office of Controller and Auditor General,
- Zanzibar Public Procurement and Disposal of Public Assets Authority (ZPPDA), and
- House of Representatives.

¹ Integration of non-tax revenue collection systems at MNRT is crucial, systems are not fully integrated

1.5 Implementation Period

The PFM RP VI has a five-year implementation period from 1st July 2022 to 30th June 2027 inclusive.

1.6 Financing Arrangements

The Plan is co-financed by the Government of United Republic of Tanzania and Development Partners (DPs) who are signatories to the Memorandum of Understanding (MoU). The DPs will deposit their financial contributions to the PFM RP VI through a Basket Fund (BF) account at the Bank of Tanzania or Budget Support modalities.

The financing of the programme through these modalities will promote transparency and mutual accountability in the implementation of PFM reform activities. The Five-year Budget for implementing PFM RP VI is estimated at TSh 158 billion² (approximately USD 68 Million). The summary of the estimated five years budget is as shown in table below.

Financial Years	Sources of Fund	TZS	USD
1	2	3	4
2022/2023	GOT	8,624,857,000	3,707,862
	DPs	11,958,129,600	5,140,849
	SUB-TOTAL	20,582,986,600	8,848,711
2023/2024	GOT	9,579,516,000	4,118,274
	DPs	23,578,903,000	10,136,668
	SUB-TOTAL	33,158,419,000	14,254,942
2024/2025	GOT	10,271,180,000	4,415,623
	DPs	24,020,000,000	10,326,297
	SUB-TOTAL	34,291,180,000	14,741,920
2025/2026	GOT	11,298,298,000	4,857,185
	DPs	23,016,000,000	9,894,673
	SUB-TOTAL	34,314,298,000	14,751,858
2026/2027	GOT	10,784,739,000	4,636,404
	DPs	25,221,000,000	10,842,612
	SUB-TOTAL	36,005,739,000	15,479,016
GRAND TOTAL	GOT	50,558,590,000	21,735,348
	DPs	107,794,032,600	46,341,099
TOTAL ESTIMATES		158,352,622,600	68,076,447

² Depending on the availability of funds. The share of the contribution between the Government and Development Partners will be determined in due course.

The Government will allocate funds to approved PFM reform activities in line with budget and plans, and these will be spent in compliance with the MoU. However, in order to minimize challenges to activities, it is recommended that criterion for expenditures under Budget Support be agreed at joint technical and management levels prior to signing the MoU and aligned with the standard procedures of basket financing used in this programme.

1.7 Technical Support

The standard Technical Assistance modalities³ will be used for programme implementation by Development Partners providing technical assistance in specific areas of intervention aligned with Government's strategic vision for PFM and in close coordination with the PFMRP Manager.

1.8 Methodology

This Strategy was developed using a participatory approach. A team of experts was mobilised who were drawn from all PFMRP V components from both Mainland Tanzania and Zanzibar. Co-opted members came from Public Procurement Appeals Authority (PPAA), Tanzania Revenue Authority (TRA) and Ministry of Natural Resources and Tourism (MNRT). Experts from various departments have also been consulted on specific issues regarding the content of the PFMRP VI. Moreover, a consultative meeting with Development Partners (DPs) was held to discuss and comment on the PFMRP VI Strategic Plan. Comments from, and views of DPs have been considered in finalizing this Strategy.

The methodology included collecting information on PFM from the programme activities, inputs, outputs and outcomes, programme files, Public Expenditure and Accountability (PEFA) diagnostic reports, Mid-Term review report, work plans and progress reports of the previous phases of PFMRP. The findings in the 2018 PEFA report for Zanzibar is still valid and this has been confirmed by a team of representatives from Zanzibar.

1.9 Layout

The Plan has five chapters:

- Chapter 1: Overview.

³ Technical Assistance modality in specific areas will be agreed between the Government and Development Partners.

- Chapter 2: Situation Analysis – using document reviews and analysis of the current status of PFM.
- Chapter 3: Programme Plan – this is the core of the PFMRP VI as it contains the Priority Areas, Strategic Objectives, KRSO and Monitoring and Evaluation Framework.
- Chapter 4: Institutional Arrangements.
- Chapter 5: Programme Risk Management.

CHAPTER TWO

2 SITUATION ANALYSIS

This chapter presents an assessment of the successes, challenges, and lessons learned during the implementation of the PFM RP V.

It then moves onto providing a summary of current weaknesses in the PFM architecture derived from external and internal sources. These would include, the 2018 PEFA diagnostic for Zanzibar, the 2022 PEFA diagnostic, the Annual General Report of the Controller and Auditor General for the Financial Year ended 30th June 2021, the annual Implementation Progress Reports on the PFM RP Phase V, and the mid-term evaluation report on the PFM RP V. These key document reviews were supplemented by numerous secondary sources including, where appropriate, Aide Memoire and other internal and external sources. From this review, the core problems were identified, and these are the basis for the establishment of Strategic Objectives for PFM RP Phase VI.

Over the years of PFM Reforms, priorities have changed however, despite incremental improvements some priorities have remained constant. In this Chapter we distinguish between new and ongoing priorities that will be addressed in the PFM RP VI 2022-2027.

2.1 Performance Review of PFM RP Phase V

The PFM RP Phase V (2017 – 2022) identified the following PFM priorities:

- Macroeconomic Management (fiscal and tax policies) and financing of the budget.
- Budget preparation and credibility.
- Budget execution, accounting, and reporting.
- Financial accountability-internal controls and procurement.
- External oversight and audit of PFM performance.
- Local Government (Mainland); and Zanzibar.

The programme performance review and assessment were primarily based on: PEFA 2022 Assessment Report, PFM RP V Mid-Term Evaluation Report, PEFA 2018 Zanzibar, and PFM RP V Self-Assessment Report 2022.

2.1.1. Major Achievements

As a result of the implementation of the PFMRP V the following key successes were identified:

- i. Non-tax revenue enhancement: The establishment of the Government electronic payment Gateway (GePG) system and Local Government Revenue Collection Information System (LGRCIS). These systems simplified non-tax collection and, as a result, increased non-tax from 951.0 billion shillings in 2017/18 to 4,366.7 billion shillings in 2021/22. In Zanzibar, the domestic revenue collection increased by 27% between the financial years 2020/21 and 2021/22. This is partly due to the introduction of the ZanMalipo system.
- ii. The adoption of Treasury Single Account: The adoption of Treasury Single Account (TSA) had the immediate dual impacts of more efficient centralised Cash Management and the closure of 33,000 Government Commercial bank accounts. From this action, banking fees and transaction costs were reduced significantly.
- iii. Adoption of IPSAS Accrual based accounting: The target was to ensure 95 Public Entities have adopted IPSAS Accrual based accounting by June 2022 in Mainland Tanzania. The IPSAS accrual-based accounting is now adopted nationally for all Public Sector Entities. Accrual-based accounting provides a comprehensive view of government finances and accrual reporting that ensure that expenditure of public funds is transparent, public officials are held accountable, and future liabilities are recognized officially and planned for properly.
- iv. MTEF documents aligned with Medium Term National Policies and strategies: The MTEF for MDAs and LGAs are now aligned to the national Policies, Strategies and priorities in the Five-Year National Development Plan III, the Tanzania Development Vision 2025 and the Zanzibar Vision 2050.
- v. Strengthened Parliamentary Oversight Functions: The Parliamentary Oversight Committees (LAAC and PAC), Parliamentary Budget Committee and the House of Representatives now have improved competence to scrutinize

- annual budgets, analyse CAG reports, track spending, and assess the sustainability and value for money of development projects. Guidance for budget analysis has been developed including a gender mainstreaming guideline; and a macro-economic forecasting model has been introduced and is operational.
- vi. Development and introduction of Expenditure Management systems: MUSE and BAMA replaced Epicor as the systems for expenditure management in all MDAs and LGAs for Mainland Tanzania and Zanzibar respectively. These new systems are more up to date in terms of the scope and outputs than the previous outdated Epicor system. These systems have reduced tremendously Government spending on paying annual subscription fees, simplified updating of modules in systems and enhancing efficiency in expenditure management and reporting.
 - vii. NAOT has maintained AFROSAI-E level 3 (out of 5 levels): Performance has been enhanced through strengthened Information systems audit and technical audit of strategic development projects, improved NAOT ICT systems, development of Audit manuals and guidelines, competence development of auditors and establishment of Forensic Audit Laboratory that has improved forensic audit capabilities.
 - viii. Government Assets Management Strengthened: 426 of 588 Public Entities now use the Government Asset Management Information System (GAMIS) for recording, valuation, and management of assets. This has improved safeguarding of Government assets and is an important step toward full adoption of IPSAS accrual accounting. Further, the system has improved operational control of Government Assets Management and enhanced transparency and accountability in Public Assets Management.
 - ix. Development of electronic Procurement Systems: The TANEPS and UZA systems are designed to enhance compliance and value for money in Public Procurement. TANEPS is now used by all Procuring Entities in Mainland Tanzania, whereas UZA is still in piloting mode in Zanzibar.
 - x. Tracking implementation of Audit recommendations: For the Mainland Tanzania, the Government Audit Recommendation

Implementation Information Tracking System (GARI-ITS) is being used to track the implementation of Internal and External Audit recommendations. A similar system is being adopted and customized for Zanzibar.

- xi. Budget Management System: The Central Budget Management Information System (CBMS) is used by all MDAs and RS's. CBMS successfully replaced Excel sheets, Strategic Budget Allocation System (SBAS), and Active Planner previously used to upload to Epicor for printing budget books. Furthermore, the PlanRep has been introduced and rolled out to all Government parastatals.
- xii. PFM in Local Government Authorities: LGAs ICT systems development and improvement was a major success in enhancing Local Government revenue collection and revenue management. The revenue collection and management were also augmented with the development and publication of a revenue administration manual; automation of financial benchmarking tool for assessment of LGAs financial situation; updating of Local Authorities Accounting Manuals, the use of Facility Financial Accounting and Reporting System (FFARS) and PlanRep for improved budget expenditure management and reporting. During the year 2021/22, the LGAs OSR collection registered collections of 103% of its budget. Based on 2021/22 LGAs annual OSR collection performance report, OSR collection increased by 17%, as compared to previous financial which was 6%. The performance of OSR collection in LGAs has been improved by the system automation.
- xiii. Development of Board Management Information System (BMIS) for public and statutory Corporations: The Office of Treasury Registrar developed a BMIS to simplify management of board appointments, store members' information and generate various PSCs reports as requested. Further, the system enforces compliance of PSC to boards appointed regulations.
- xiv. Development of Geographical Information System & Business Information System (GIS/BIS) for assets management of privatized and un-privatized assets entities: This system was developed to simplify the process of conducting post privatization monitoring

and evaluation, of which business processes such as finalization of liquidation management, review of sale agreements for privatized enterprises and transfer of ownership are done in the system. The system provides a real time information of asset management of privatized and un-privatized entities. Further, the system will significantly reduce funds used for monitoring and evaluation of these assets.

2.1.2 Summary of 2018 PEFA Diagnostic Findings for Zanzibar

This was the first assessment of the RGoZ using the upgraded PEFA Framework, (2016) and since the previous PEFA was in 2010, it was judged that this could not be used for comparative purposes.

The 2018 PEFA reported that fiscal discipline was poor: the variance between budget revenues and expenditures and the actual outturns were significant. In 2017/18, aggregate expenditure outturn versus budget was 85.90% and the aggregate revenue outturn versus budget was 83.80%. Several elements in the overall PFM system that contribute to achieving fiscal discipline were not functioning beyond a basic level. For example, expenditure arrears were not monitored (PI-22.2, rated 'D'), and commitment controls were basic (PI-25.2, rated 'C'). Finally, several elements of the system for budget execution – including internal controls and in-year monitoring – were no more than 'functional' and contributed little to the attainment of aggregate fiscal discipline.

Four of the five indicators for 'policy-based fiscal strategy and budgeting', (PIs 14 to 18) received satisfactory – or better – overall ratings, and demonstrate that the processes to allocate budgetary resources in accordance with RGoZ's declared strategic objectives were essentially sound. Most of the other indicators that contribute to the strategic allocation of resources functioned well, notably the comprehensiveness of the budget documentation, and its classification in accordance with international norms.

It was also reported that most of the mechanisms in place to reduce possible leakages in the system — such as internal controls,

procurement, and controls over payroll (PIs 25, 24 and 23 respectively) — were weak. Lastly, it was noted that the oversight arrangements (addressed in PIs 30-31) were less than fully effective. While the CAG is independent with an extensive mandate (PI-30.4), the budget is controlled by the Presidents' Office Finance and Planning Zanzibar, and there were delays in completing annual audits.

2.1.3 Priority issues identified by the Zanzibar 2018 PEFA, the Reports of the Auditor General and other Diagnostic and Assessment Reports

- i. Budget credibility and Reliability - Strategic allocation of resources is still a problem as there are difficulties and low capabilities in aligning strategic plans with the budget. The 2018 PEFA, under PI 16 Medium Term perspective in expenditure budgeting score D under 16.3 Alignment of strategic plans and medium-term budgets. Based on situation analysis identified under Zanzibar PFM Strategy 2022/2027, this condition is still valid. The continuing weakness of poor strategic allocation of resources and aligning budget with strategic plans lead to low budget credibility in meeting policy-based budgeting requirements and poses a threat of allocating resources to less economic priorities. Another core aspect is the budget reliability, there is still significant variance for both revenue and expenditure outturns, as a result, misleading the Government plans due to disbursements of funds to spending units not being implemented as per the planned profile. The 2018 PEFA, under Pillar I – Budget Reliability and Credibility – PI Aggregate Expenditure Outturn assigns overall rating of D, while P2 Expenditure Composition Outturn assigns D* as the breakdown of the actual expenditures by functions are not reported.
- ii. Revenue - There is still no revenue forecasting model or programme which leads to optimistic revenue forecasts and as a result the actual performance is significantly lower than plans.

The 2018 PEFA, under Pillar I – Budget Reliability – assigns the overall rating of D to PI 3 Revenue Outturn. Improving budget credibility must be a high priority in the PFMRP VI.

- iii. Budget documentation and Transparency - The Budget classification by function in budget execution reports is missing. The Government of Zanzibar uses function, administrative and economic classifications in the budget, but not for reporting making the budget system less effective. The 2018 PEFA, under Pillar II – Transparency of public finance – assigns the overall rating of D to PI 4 Budget Classification and P1 6, Government operations outside the financial reports and PI 9 Public access to fiscal information, and all weaknesses identified under 2018 PEFA is still valid as of 2021, based on assessment report identified under Zanzibar PFM Strategy 2022/2027. Furthermore, the Budget Execution reports (BER) are not being uploaded on websites for both Central and Local Government operations. It was reported in the 2022 PEFA diagnostic report that Zanzibar’s website has no accurate and timely information on Budget Implementation leading to an absence of transparency in the management of public funds.
- iv. Accounting and reporting - The credibility and quality of financial reporting is a significant problem in Zanzibar. CAG issued an adverse audit opinion on the Government Consolidated financial statements on the audit report on the 2020/2021 due to lack of disclosure of significant financial information. The 2018 PEFA, under PI 29 Annual financial reports score C on 29.3 Accounting standards due to lack of disclosure of contingent liabilities such as government guarantees, joint venture liabilities, government litigations, students’ loans, issued share calls, which cast doubt on full compliance with the IPSAS requirements. The situation is mainly caused by reporting on a cash basis, as the Zanzibar Government has not yet adopted accrual-based accounting.

- v. Public Procurement Management - There are problems in the monitoring of procurements, particularly in procurement contract management leading to delays of project implementation, cost variations and extension of works, and lack of compliance with specifications. This led to poor quality outputs, minimum benefits and, as a result, the wider community suffers poor service delivery (as per CAG reports for the year 2018/2019, 2019/2020, and 2020/2021). The 2018 PEFA, under PI 24 Procurement score D on 24.1 - Procurement monitoring -, based on site visits to Ministry of Health, Ministry of Agriculture, Ministry of Infrastructure, Ministry of Local Government who could not provide evidence of effective project implementation. Consequently, poor project implementation causes low value for money from these investments. Currently, there is no policy or guidelines to manage procurement contracts.
- vi. Asset Management - The 2018 PEFA, under Pillar III – Management of assets and Liabilities – PI 12 Public Asset Management is assigned a D score with weaknesses in monitoring of non-financial assets (fixed assets), absence of an up-to-date central Government asset register for MDAs and LGAs. This finding is confirmed in the Zanzibar PFM Strategy 2022/2027 and Asset registers are not integrated in IFMS and hence, not updated. Furthermore, there is a draft asset management policy and framework developed, however not approved for use. Fixed assets consume significant public resources and are a significant component of the consolidated financial statements. Consequently, if the asset management records and asset register are not updated the financial reports of the Government will show misleading financial information. This is a reform priority as it will be difficult to migrate to accrual-based accounting without updated information on assets and asset register in place.

2.1.4. Summary of 2022 PEFA Diagnostic Findings

A comparison of the scores of the 2017 and 2021 assessments points to a significant aggregate improvement in PEFA scores. Of the 31 indicators of the 2016 PEFA framework, 13 have improved, 4 have deteriorated, and 14 have not changed. The recently launched Public Expenditure and Financial Accountability (PEFA) supplementary framework for assessing gender responsive public financial management (GRPFM) has not yet been done.

There is strong evidence of positive changes in a wide range of areas, with 6 of the 7 pillars of the PEFA framework showing net improvements. In most cases, this reflects the results of steady and continuous improvements introduced during the multiple phases of the PFM reform programme.

These improvements have included reforms in legislation and regulations, the building of human resource capability, and the modernisation and greater integration of IT systems – notably with the introduction of the Government electronic Payment Gateway (GePG), and the shift to MUSE. Systemic improvements in PFM take a long time to implement – particularly in a large country like Tanzania with a substantial public sector – but the signs are that the fruits of past investment in PFM improvement are now being reaped.

The challenge for PFMRP VI is to ensure that the remaining weaknesses are comprehensively addressed, while continuing to maintain the high standards already being attained in other aspects of the PFM system.

2.1.5. Priority Issues Identified by the 2022 PEFA, the Reports of the Auditor General, and other Diagnostic and Assessment Reports

- i. Budget credibility and cash rationing: Due to lower than projected revenues, cash management, including budget implementation and disbursement of funds to spending units at central and local level are not always allocated in the planned profile. The 2022 PEFA under Pillar I – Budget Reliability and Credibility – PI Aggregate Expenditure

Outturn P2 Expenditure Composition Outturn assigns overall ratings of D to both. The continuing weaknesses in core aspects of PFM – budget credibility, cash management, and commitment control – pose a threat to gains in other areas.

High levels of expenditure arrears and weaknesses in the monitoring of arrears continue to be problems. The primary obstacle to effective monitoring of arrears and accounts payable is the cash rationing system and the way MUSE is set up to restrict payments, as the system rejects any expenditure entries – including entries for commitments – that go above the monthly payment ceilings, or beyond the current month. As a result, the commitment function in MUSE is rendered effectively useless because it is only possible to make commitments for payments which will be paid in the same month, and which fall within the available payment ceiling.

The cash rationing system has created a situation where the budget is not credible, and arrears build up: aggregate fiscal discipline is maintained but the strategic allocation of resources is undermined, and service delivery suffers⁴.

- ii. Revenue: The 2022 PEFA under Pillar I – Budget Reliability – assigns an overall rating of D to PI 3 Revenue Outturn. This appears to indicate that improving budget credibility must be a high priority in the PFMRP VI. This indicator measures the extent to which aggregate revenue receipts compare to the appropriated Budget.

Accurate revenue forecasting is core for budget credibility. Overly optimistic revenue forecasts can result in budgeted expenditure allocations that cannot be met. This will lead to increased budget deficits, or budget cuts to key social and economic activities. Lower revenue forecasts from outturns, can lead to speculative unplanned expenditures.

⁴ The content of this section is taken directly from the 2022 PEFA with slight modifications.

- iii. Budget documentation and transparency: Although data necessary to improve the comprehensiveness of the information presented in the Budget documentation is readily available and relatively simple to incorporate, the quality and comprehensiveness of the Budget documentation has changed marginally since the 2017 PEFA assessment. The Budget Execution reports (BER) are not being updated on time in the MoFP's website and when they are updated, key information is missing. The aspects of comprehensiveness, quality and timeliness is affecting public access and understanding of the budget for both Mainland Tanzania and Zanzibar. The 2022 PEFA under Pillar II – Transparency of Public Finances – assigns an overall rating of D to PI 5 Budget Documentation and likewise for PI 9 Public Access to Fiscal Information.
- iv. Public Investment Management: The 2022 PEFA under Pillar III – Management of assets and Liabilities – PI 11 Public Investment Management is assigned a D+ score with weaknesses in all 4 dimensions. Dimensions (iii) and (iv) – Investment Project Costing and Investment Project Monitoring respectively both scored D.

A PIM-Operational Manual (PIM-OM) has been developed but is not yet effectively operationalized across Government. These weaknesses should be recognised and addressed in the PFMRP VI.

- v. Medium Term Perspective in Expenditure Budget: At Pillar IV - Policy Based Fiscal Strategy and Budgeting - of the 2022 PEFA it is reported that dimension PI 16 Medium Term Perspective in Expenditure Budget scored D. Three of the 4 dimensions were ranked D: (i) Medium-term expenditure estimates; (ii) Medium-term expenditure ceiling; (iv) Consistency of budgets with previous year's medium-term estimates.

The PEFA reports multiple shortcomings in the current arrangements that led to this low score. These shortcomings need to be recognised and addressed in the PFMRP VI. Although all MDA produce MTEF estimates however, these are not included in the annual budget documentation which is limited to estimates of the budget year only.

A similar situation applies to budget ceilings for the period of the MTEF. Finally, Budget documents do not provide an explanation of the changes to aggregate expenditure estimates between the second year of the most recent MTEF and the first year of the new MTEF. Based on the above critique, this appears to indicate that improving the medium-term perspective in expenditure budget must be a high priority in the PFMRP VI.

- vi. Expenditure Arrears: The 2022 PEFA at Pillar V – Predictability and Control of Budget Execution – records a score of D for PI 22 Expenditure Arrears. Both dimensions were ranked D: (i) Stock of expenditure arrears; (ii) Expenditure arrears monitoring. The PEFA reported that the stock of expenditure arrears is above 10% in 2 of the 3 years examined. Also, monitoring and reporting of expenditure arrears is minimal. The key initiative to prudent arrears and accounts payable monitoring at the moment is availability of payable modules and payment controls in MUSE that restrict payments which go above the monthly payment ceilings and exchequers; however, their performance is hindered by technological upgrades. These issues need to be recognised and addressed in the PFMRP VI.
- vii. Internal Audit: The 2022 PEFA at Pillar V – Predictability and Control of Budget Execution – records a score of C+ for PI 26 Internal Audit. The key issue reported in the 2022 PEFA is that whilst the internal audit function has audit manuals and other technical guidance based on the IIA standards and International Professional Practices Framework (IPPF) in reality these are not being fully applied as almost all internal audit activities are concentrated on compliance relating to procurement and supplies management, expenditure and asset management, revenue management, implementation of development projects, and management of liabilities/debt and human resources.

The 2020/21 annual report of Internal Auditor General, reported that 91% of Central Government institutions submitted Annual Audit Plans,

77% Annual Audit Reports and 35% of Audit Committees sent Annual Reports to the Internal Auditor General. The overall assessment was that the majority of programmed internal audits are completed giving the rating of this dimension a C. As Internal Audit is responsible for advising management on the effectiveness of internal controls in safeguarding public funds and assets, the implementation pace of audit recommendations in some entities is slow and further efforts are needed to strengthen management actions in response to audit recommendations.

2.1.6 Ongoing issues identified during implementation of PFMRP V

In addition to above priority issues, and despite the reported progress, there remain ongoing issues that need to be recognised and addressed in the PFMRP VI. These includes:

- i. Integration and harmonization of financial management information systems: Some revenue and expenditure systems at Mainland Tanzania and Zanzibar (e.g. GoT-HoMIS, TANCIS, etc.) are not fully integrated and as a result, they restrict capturing of all revenue potential in MDAs and LGAs and accurate and timely reporting of expenditure. Further, the MUSE system has not been integrated with other systems in Tanzania Mainland. The situation is similar for the Zanzibar system ZanMalipo, BAMA and UZA. The reform will aim at improving integration of the various standalone accountability systems to provide stronger IT security and management. The integration and harmonization of the IFMIS will enhance accountability and transparency on reporting and management of Government resources. The 2022 PEFA under Pillar V – Predictability and control in budget execution – PI 19 Revenue Administration PI 20 Accounting for Revenue assign overall ratings of B and A respectively.

This is included in PFMRP VI as a continuation of reform activities started in previous years.

- ii. Debt Management: Inconsistencies in the reporting of debt stock remains a problem for Public Sector Entities (PSEs). A standard debt reporting system needs to be introduced for the use to all PSEs. Although the 2022 PEFA does not recognise this as a major issue, it is included in PFMRP VI as a continuation of reform activities started in previous years.

The reports of the Controller and Auditor General consistently reports that the ongoing initiatives that need to be completed are the establishment of a Debt Management Directorate (DMD) to act as the single debt management entity of Government, bringing together “front”, “middle” and “back” office functions to strengthen control over debt and guarantees. Additionally, the migration to the Commonwealth Secretariat’s Meridian system should facilitate further improvements in the recording and reporting of debt and guarantees, including the systematisation of monthly reconciliations.

The development and updating of a Medium-Term Debt Strategy (MTDS) have been an important initiative debt management. The next step in its development should include in the strategy explicit target ranges for risk indicators relating to refinancing, interest rates and foreign exchange rates.

- iii. Government Asset Management Information System (GAMIS): This system needs to be made fully functional to ensure compliance with International Standards. The 2022 PEFA under Pillar III – Management of Assets and Liabilities – awards a score of B+ to PI 12 Public Asset Management indicating that the current arrangements are broadly satisfactory. This is included in PFMRP VI as a continuation of reform activities started in previous years.
- iv. Procurement compliance and E-procurement system: Due to the non-activation of some TAnEPS modules it is not delivering the full benefits in terms of value for money and legislative compliance. Although the 2022 PEFA at Pillar V – Predictability and Control of Budget Execution – scores PI 24 Public Procurement Management B, this is still an area

that needs continued attention. Procurement compliance, reviewing of public procurement laws and regulations and strengthening of e-procurement system are still relevant in enhancing Public Finance Management in all levels of the Government. It is included in PFMRP VI as a continuation of reform activities started in previous years. Public procurement has improved, in part due to the continued roll-out and implementation of e-procurement System (TANePS), but needs further strengthening both in terms of system and professional capacity building.

- v. Local Government Authority: The LGAs have similar problems as reported at the national level and the following areas are identified as priority for the LGAs:
 - a. Budget Credibility and Cash Rationing - The 2021 Central Government PEFA Assessment under Pillar I – Budget Reliability and Credibility reports a high level of expenditure arrears and weaknesses in the monitoring of arrears. The matter continues to be a problem in central Government primarily caused by the cash rationing system and the way MUSE is set up to restrict payments - the system rejects any expenditure entries - including entries for commitments - that go above the monthly payment ceilings, or beyond the current month. MUSE in LGAs has already been configured and installed to resolve that obstacle but users at LGAs level do not fully use it.
 - b. Revenue Mobilization - The level of service delivery to the public by LGAs has been significantly low as highlighted by the Reports of the Controller and Auditor General for five years 2016/17 to 2020/21 inclusive. The reports reveal that, on average, the 185 LGAs budget implementation is approximately 89% of the approved budget. The independence level of Councils, i.e., proportion of Own Source of Revenue (OSR) over Recurrent Expenditure has been as low of 14%. Government Subventions to LGAs are still unpredictable in both recurrent and

development categories. With an unpredictable release of Government Subventions, the level of service delivery is erratic.

For the year 2021/22, the LGAs OSR collected 103% of its budget. Based on 2021/22 LGAs annual OSR collection performance report, OSR increased by 17% compared to previous financial year. A sustainable increase of LGAs OSR collection requires both systems improvement to revenue and expenditure management and updated bylaws consistent with the legal framework. The change of technology is a key driver to system improvement. Revenue Management bylaws, manuals, guidelines and policies also need to be reviewed, updated, and implemented.

- c. Procurement - Local Government Authorities spend a large proportion of their OSR in procuring goods and services. The annual increase in OSR at LGAs highlights the need to strengthen the procurement control systems. Procurement guidelines need to be reviewed, updated and implemented including the reservation for special groups as provided in the PPRA guidelines.
- d. Internal Control - Overall strengthening of internal control systems must continue to support all of the above reform initiatives.

The PFM RP V recognises the following overarching factors that have to be considered when implementing PFM RP VI:

- vi. Institutional capacity: As a cross-cutting issue, low levels of technical, managerial and coordination competences negatively impact on the ability to implement PFM reforms in a steady and sustainable manner. The PFM RP VI should have at its core the development of institutional and individual skill and competence requirements to ensure that PFM reforms are implemented sustainably.

- vii. National PFM Strategy: Currently, there is no National PFM Strategy to provide guidance on how to coordinate PFM actions across sectors. It is evidenced that PFM reform orientated activities are happening outside of the umbrella of the PFMRP and these need to be identified and integrated into the PFMRP VI. For the effective integration and management of PFM interventions, the Government decided to develop a National PFM Strategy through PFMRP VI. This could be partly achieved with the development of a Skills and Development Plan which could be used by Development Partners when prioritising technical assistance support.
- viii. Impact of COVID-19 pandemic: Globally the pandemic brought negative fiscal and health impacts. Tanzania was not immune to these and as a result, many reform activities could not be fully implemented as planned. However, underlying GDP growth remains relatively buoyant at 4.8% in 2020/21⁵ and this trend is projected to continue.

It should be noted that the latest Annual General Report of the Controller and Auditor General highlighted weaknesses in the internal controls for many of the areas reported above as did the annual assessment reports of the PFMRP V. As a result, we have a degree of consistency and concurrence on where the current problems are within the PFM arrangements.

2.2 Lessons Learnt in Implementing PFMRP V

Reviews of PFMRP V provides evidence of lessons learnt for future PFM programme design and implementation arrangements. These included:

- i. Use of Virtual technology; The COVID-19 pandemic required an immediate adaptation of alternative modes of communication through a switch to virtual applications. This should continue as it appears to have been effective and reduces the need for people to use up time to travel to meetings as well as reducing the associated costs.

⁵ Tanzania Economic Survey 2021

- ii. In-house system development and integration: Through using Government personnel to develop integrated IT based systems has reduced investment costs; strengthened individual and institutional skills, confidence and competences; and, encourages sustainability and self-reliance.
- iii. Capacity building: When we use the term 'capacity building' we mean the development of the institutional and individual skills and competencies to do any given activity in an effective, efficient, and timely manner. PFMRP V supported training at component level whereas at the National level there was some duplication of efforts and resources expended on similar training.

To address this, a comprehensive Skills and Competence Plan should be created to reduce the risk of inefficient use of scarce financial resources. The plan should cover opportunities for skills development offered by development partners to ensure a harmonised approach within the umbrella of PFMRP VI. Future PFMRP should encourage individual and institutional development using techniques such as mentoring, the role of the line manager in staff development.

- iv. The Self-Assessment Performance Report of Public Finance Management Reform Programme V published in January 2022 revealed a mixed picture of achievement when it comes to assessing the targets set for Strategic Objectives. Main lessons for the PFMRP VI from this self-assessment include:
 - Over ambition in terms of the number of targets.
 - Greater emphasis on development of SMART objectives.
 -

2.3 Cross Cutting Issues in PFM

Cross cutting issues in PFM need to be addressed to foster equitable and sustainable socio-economic development. Cross-cutting issues to be considered under PFMRP VI are Gender, Climate Change and Green Procurement. Further, the Alternative Financing and Green Financing are cross cutting issues which the Government through the

Ministry of Finance and Planning has taken into consideration in Financial Sector Development Plan 2020/21 – 2029/30 and the Alternative Financing Strategy.

There is growing recognition that public budgeting decisions and the public financial management (PFM) systems that underpin them can affect the economic and social outcomes of men, women and special groups differently. As a result, gender responsive public financial management, also known as gender responsive budgeting (GRB), has been developed as an approach to budgeting that explicitly considers the impact of fiscal policy, PFM and public administration on gender equality, girls and boys development, and specific groups of people (for example, women, elders, small traders and miners, low income earners, people with disabilities, minorities)⁶. In a similar vein to the approach to gender mainstreaming, minority interests need to be considered when allocating budget resources. These could be targeted at for example people with physical and/or mental disabilities; individuals who are Albino etc.

The impact of climate change is global. However, it is recognised that poorer countries will suffer more from this phenomenon simply because they do not have the financial, human and infrastructure resources to mitigate the impact of consequences of climate change. Therefore, it is crucial that, when planning budgets resources are allocated to implement mitigation measures that are designed to minimise disruption and include adaptive measures for communities at risk of climate related caused by extreme weather events.

Green or Sustainable Procurements is an emerging innovation for both public and private procurement actions. Simply, this method of requirement seeks to introduce factors other than cost into the evaluation of tenders. Internationally, the application of MEAT (Most Economically Advantageous Tender) is used to evaluate tenders through using criteria where price is not necessarily the main determinant of the outcome. The nature of the contract will indicate the

Global PEFA report-2020/gender-responsiveness

MEAT criteria. However, some examples are: quality, price or cost using a cost-effectiveness approach, technical merit, aesthetic and functional characteristics, accessibility, social characteristics, environmental characteristics, innovative characteristics, after-sales service and technical assistance and delivery conditions such as date, process, and period.

2.4 PFM Way Forward

The previous phases of the PFMRP succeeded in taking reforms that have strengthened the PFM arrangements in Tanzania. However, all partners recognise that more needs to be done to meet the ambition of the reform agenda.

The 2022 PEFA confirms that while some areas are up to an acceptable standard, others require differing degrees of attention to bring them up to the expectations of the reform appetite of the Government. In charting a way forward for improving the effectiveness, efficiency, transparency, and accountability of PFM arrangements in Tanzania, reform and transformational activities need to be clustered around the following key strategic areas for PFMRP VI:

- i. Strengthening domestic revenue management and external resources mobilization;
- ii. Establish a comprehensive budget management system;
- iii. Ensuring financial management systems are fully integrated and harmonized;
- iv. Strengthening Procurement and asset management;
- v. Strengthening audit and oversight functions.

CHAPTER THREE

3 PROGRAMME PLAN

This chapter presents the strategic plan to be implemented in the next five years. It describes objectives, key result areas, outputs, outcome indicators and milestones to be achieved and the principles that underpin the PFM reform interventions.

3.1 PFM Principles

Development of this strategy considered the following PFM principles when constructing the PFMRP VI:

- i. Focus on priorities and past reforms experience: PFM initiatives recognises the need to build on previous successes whilst recognising and resolving systemic and persistent challenges.
- ii. Adoption of logical theory of change and results framework: To embed continuous improvement of PFM reforms will require continuous learning, acceptance and adoption of institutional and individual operational changes that must be implemented at all levels. To ensure meaningful monitoring and evaluation activities must contribute to objectives and outputs need to be measurable.
- iii. Stakeholders' involvement and participation: Sustained commitment to reform is a prerequisite for success at the political, leadership and technical levels. This will require the active involvement and participation by stakeholders at all steps in the implementation of PFMRP VI. Priorities may change over 5-years and almost certainly emerging issues will emerge. These need to be addressed through consensus.
- iv. PFM reforms investment sustainability: PFM reform investments should ensure continuity and complementarity between reforms interventions and make use of synergies with relevant reforms efforts across the public sector. This serves to avoid duplication of efforts and requires active coordination of activities between DPs and the Government as some DPs provide support outside the PFMRP. The aim is to develop a National PFM Strategy and work out the modalities for this coordination.

- v. Mainstreaming cross-cutting issues: The implementation of PFMRP VI will, where appropriate, consider cross-cutting issues to ensure equity, inclusion and sustainability of public service delivery.

3.2 Goal

The goal of the Public Financial Management Reform Programme-Phase Six (PFMRP VI) is to improve the efficient and effective management of public resources for quality service delivery.

3.3 Strategic Objectives

Based on Chapter 2 above, and to achieve the PFMRP VI goal, this PFM Reform Programme has identified the following five (5) priority areas for reform and proposed Strategic Objectives for each area. For each SO, there are Key Results in Specific Objectives (KRSO); and activities to achieve these. These Key Results/Specific Objectives establish targets to be achieved by 2027. This creates a framework for monitoring, evaluation and reporting of the progress of the implementation of PFMRP VI.

3.4 Implementation of the PFMRP VI

To arrive at the established goal, the overall objective of PFMRP VI is that all Strategic Objectives and Key Results in Strategic Objectives (KRSO) must be achieved by June 2027. To get there, the Programme must be introduced in stages and broken down into annual objectives. These annual targets should be documented in annual plans for the respective components of the Programme and must contain, among other things, information on activities and a risk assessment. In addition, for effective tracking of the progress, the milestones should be set which can be periodically assessed to measure achievement of the desired results. These milestones will be aligned with the KRSO set to ensure coherence in implementation.

The priority areas identified for implementation are: Revenue and Debt Management, Budget Management, Financial management and reporting, Procurement and Asset management and Audit and Oversight Functions. The priority areas have been considered to be implemented in Mainland Tanzania and Zanzibar. The summary of Priority Areas and Strategic Objectives are as shown below:

Priority Area	Strategic Objectives
Domestic Revenue Collection and external resources Management Improved	Domestic revenue collection and administration improved.
	Increased external resources mobilisation.
	Debt and Risk Management strengthened and sustained.
	Improved macro-economic management with prudent fiscal policies.
Budget Management	Improved credibility and reliability of the appropriated budget as a tool for planning, decision making, and reporting.
	Improved quality, comprehensiveness and timely availability of budget documentation and reporting.
	PSCs and PE management strengthened.
Financial Management and Reporting	Financial Management Information Systems integrated and harmonized.
	Quality of financial reporting improved.
Procurement and Asset Management	Improved Government Asset Management.
	Enhanced Public Procurement Management Systems.
	Public Investment Management Strengthened.
Audit and Oversight functions	Internal Audit Function Strengthened.
	Parliamentary Oversight Function Strengthened.
	External Audit and Reporting Strengthened.
	Strengthened follow-up of Audit Recommendations.

Priority Area I: Domestic Revenue Collection and External Resources Management Improved

As identified in the Situation Analysis, significant variances between revenue budgets and outturns can have significant consequences on budget credibility, service delivery and debt stock and its management. In the financial years 2018/19, 2019/20 and 2020/21 the revenue outturns were

recorded at 85%, 83% and 90% respectively of estimates. These are significant deviations and place significant stress on the ability of the Government to plan expenditure in a systematic and predictable way. Variances in excess of the international norm of 8% are considered to indicate shortcomings in revenue forecasting, inefficiencies in revenue collection and limited voluntary compliance by individuals and businesses. The Development Finance Assessment (DFA) completed in 2021 forming part of the Integrated National Financing Framework (INFF) observed continued declining of Official ODA and set forth recommendations on need to strengthen domestic revenue collection and unlock potential for accessing new international financial capital markets.

The variance of actual against budget by category of revenue was 7.6%, 16.8% and 7% for financial years 2018/19, 2019/20 and 2020/21 respectively. Inconsistencies in the reporting of debt stock remains a problem for Public Sector Entities (PSEs). A standard debt reporting system needs to be introduced for the use of all PSEs.

A presentation of different scenarios and of the sensitivities to different outcomes allows decision-makers to have a sense of the degree of risk implicit in the adopted fiscal strategy. The macro-fiscal forecasts prepared by the Government do not include a qualitative assessment of the impact of alternative macroeconomic assumptions. Budget documentation does not include any discussion of forecast sensitivities. Based on the Situation Analysis, this PFM Reform Programme has identified the following Strategic Objectives and Key Result Strategic Objectives for Priority Area I:

Strategic Objective 1: Domestic revenue collection and administration improved

KRSO 1: 70% of tax payers ⁷voluntarily comply with tax obligations by June 2027

KRSO 2: Outturn on domestic revenue collection increased to 93% by June 2027

⁷ Disaggregated by sex, age and location in the effort of Leaving No One Behind as a key principle of achieving the Sustainable Development Goals

KRSO 3: 7 Revenue management information systems in LGAs upgraded by June 2027

KRSO 4: 150 LGAs attaining own source revenue target against budget by June 2027

KRSO 5: Gender mainstreamed in LGAs revenue collection increased to 40% by June 2027

KRSO 6: Natural resources revenue collection information system developed by June 2027

KRSO 7: Domestic revenue collection increased to 95% of the budget in Zanzibar by June 2027

KRSO 8: Revenue Management Information System in Zanzibar Improved by June 2027

Strategic Objective 2: Increased external resources mobilisation

KRSO 1: D-fund MIS⁸ rolled out to 422 Government institutions by June 2027

KRSO 2: D-fund MIS developed and operationalized in Zanzibar by June 2025

KRSO 3: Zanzibar external resource mobilization outturn compared to budget increased to 90 % by June 2027

KRSO 4: Realization of ODA committed as a percentage of Budget increased to 100% in June 2027

Strategic Objective 3: Debt and Risk Management strengthened and sustained

KRSO 1: Debt management information system for monitoring contingent liability developed by June 2027

KRSO 2: Public debt management strategy developed in Zanzibar by June 2027

KRSO 3: Debt management system operational in Zanzibar by June 2027

Strategic Objective 4: Macro-economic management improved

KRSO 1: Economic and financial data warehouse developed and operational by 2027

⁸ Direct to Project Fund Management Information System

KRSO 2: National PFM strategy developed by June 2027

KRSO 3: Forecasting model developed in Zanzibar by June 2027

KRSO 4: Digital economy strategy in Zanzibar developed by June 2027

KRSO 5: Sector planning in Zanzibar aligned with National strategy by June 2027

In priority area I, the milestones to be monitored for programme implementation include:

- i. Non-tax revenue bylaws in LGAs reviewed, updated and strengthen revenue collection capacity by June 2025
- ii. Increased capacity to tackle tax avoidance, tax evasion and Illicit Financial Flows
- iii. Natural resources revenue collection laws and guidelines reviewed by June 2025
- iv. Custom system and process (TANCIS modules, classification and valuation of goods) modernized and upgraded by June 2027
- v. Tax laws and regulations on emerging revenue opportunities reviewed by June 2025
- vi. TIRAMIS system reviewed and integrated by June 2025
- vii. Database for microfinance management developed and implemented by June 2025
- viii. Medium Term Debt Strategy reviewed annually
- ix. Government Loans, Guarantees and Grants Act CAP 134 and its regulations amended and published by June 2025

Priority Area II: Budget management

As identified in the Situation Analysis the current position is that the budget appropriation has limited relationship and relevance to the actual outturns. The PEFA 2022 reported that when comparing budget outturns for the financial years 2018/19, 2019/20, and 2020/21, the outturns against budget allocations were 79%, 84% and 114% respectively. In turn, this results in limited credibility and reliability of the appropriated budget as a tool for planning, decision making, and reporting.

Moving from the aggregate to the disaggregated level. For the financial years 2018/19, 2019/20, and 2020/21 the budget composition variances by administrative classifications were 25%, 33% and 49% respectively. When the composition of expenditure varies in relation to the original budget, the budget is no longer a useful statement of intent with regard to Government policies. Moreover, frequent changes in the composition of the budget during the period of budget execution undermine the predictability of budgets and complicate the processes of programming and managing procurement, staff recruitment and service delivery.

Furthermore, there are issues with the completeness of budget documentation and access by the public to fiscal information. For the former, gaps in budget documentation can lead to important information being missing; and a reduced ability of the Legislature to scrutinise the Executives Budget Proposal (EBF). For the latter, any gaps in disclosure of fiscal information to the public is an impediment to openness, transparency, and wider public questioning of the EBF.

Best international expectations have developed 12 elements for completeness of budget documentation (4 basic and 8 additional elements). For Tanzania, only 2 of the 4 basic elements are currently in place, whilst 6 of the 8 additional elements are being fulfilled. The 2 missing basic elements are: that the current year's budget is not in the same format as the EBF because it only provides the approved estimates for the current year, not the revised budget nor the projected out-turn; and there is no presentation of revenue by categories nor of expenditure by the main heads of the economic classification. The 2 missing additional elements are: the budget documentation does not provide sufficient information to give a clear picture of deficit financing due to the merging of concessional loans and grants thereby making the total amount of borrowing unclear; and No information on the stock of CG financial assets is provided in the Budget documentation, although it is contained in the audited CG financial statements.

Lack of full public access to fiscal information in Tanzania is supported by it currently meeting 3 of the 5 basic elements and 3 of the 4 additional

elements required to ensure full and comprehensive public access to fiscal information. The 2 missing basic elements are: Volume 1 – Revenue Estimates - of the EBF is not available to the public; in-year budget execution reports have not been available since June 2021 – they should be issued quarterly. The missing additional element is the non-publication of the “Citizens Budget” for the financial year until 9 months after the start of the 2020/21 financial year. Based on the Situation Analysis, this PFM Reform Programme has identified the following Strategic Objectives and Key Result in Strategic Objectives for Priority Area II:

Strategic Objective 1: Improved Government budget systems and tools for planning and decision making

KRSO 1: Aggregate expenditure outturn improved to 95% by June 2027

KRSO 2: PEFA Supplementary Framework for assessing Gender responsive PFM conducted by June 2025

KRSO 3: Effectiveness commitment of controls and cash management improved by June 2027

KRSO 4: Gender responsive budgeting integrated to comprehensive budget management systems by June 2027

KRSO 5: 80% adoption of PBB for MDAs and LGAs in Zanzibar by June 2027

KRSO 6: LGAs compliance with budget guidelines increased to 85% by June 2027

KRSO 7: Aggregate expenditure outturn compared to budget in Zanzibar improved to 95% by June 2027

KRSO 8: Medium Term Expenditure Framework Projections simplified and structured to focus on high-level programmes and strategic policies by June 2027

Strategic Objective 2: Improved quality, comprehensiveness and timely availability of budget documentation and reporting.

KRSO 1: Comprehensive budget documentation procedures developed by June 2025

KRSO 2: Level of public access to budget documents increased to 50% in line with international best standard including PEFA and OBS by 2027

KRSO 3: All budget reports in Zanzibar disaggregated by function sectors using GFS 2014 standards annually

Strategic Objective 3: Public Statutory Corporations and Public Entities management strengthened

KRSO 1: NTR collection from PSCs increased to TZS 1.2 trillion by June, 2027

KRSO 2: Monitoring and evaluation framework for PEs developed, maintained and operational by June 2027

KRSO 3: Risk management framework for PSCs developed and operationalized by June 2027

KRSO 4: Government dividends for public corporations in Zanzibar increased to TZS 50 billion by June 2027.

In priority area II, the milestones to be monitored for programme implementation include:

- i. Budget management systems improved and integrated by June 2025
- ii. Gender responsive budgeting guideline reviewed and operationalized by June 2025
- iii. Project Based Budgeting Guideline in Zanzibar rolled out to MDAs and LGAs by June 2025
- iv. Medium Term Expenditure Framework reviewed by June 2025
- v. PSCs performance contracts signed annually
- vi. PSC and PE management guidelines developed and operationalized by June, 2026
- vii. PSCs strategic plans and annual budgets aligned with National priorities and OTR guidelines annually

Priority Area III: Financial management and reporting

The 2022 PEFA under Pillar VI – Accounting and Reporting – assigns an overall rating of C+ and D for PI 27 Advance accounts. A complete reconciliation of advances and imprest accounts only takes place annually within the deadline for submission of the annual financial statements from MDAs, namely three months after year's end.

The coverage and classification of the published quarterly reports only allow direct comparison to the original budget for the main administrative headings. There are some concerns regarding data accuracy. Data is however useful for analysis of budget execution, but on a highly aggregate level. Expenditure is captured at payment stage. The credibility and quality of financial reporting is still a big problem in Zanzibar, CAG issued adverse audit report on the Government Consolidated financial statements on the audit report on the 2020/2021 due to lack of disclosure of significant financial information on key identified issues by CAG.

Several of the current financial systems need to be further developed or upgraded and then integrated and harmonized. Along with the adoption of IPSAS this has the potential to improve the quality and timeliness of the financial management and reporting. Based on the Situation Analysis, this PFM Reform Programme has identified the following Strategic Objectives and Key Result in Strategic Objectives for Priority Area III:

Strategic Objective 1: Financial Management Information Systems integrated and harmonized

KRSO 1: 49 integrated financial management information systems integrated by June 2027

KRSO 2: MUSE system upgraded and integrated with Financial Management Information Systems by June 2025

KRSO 3: Treasury Pension Payment System interfaced with Judiciary of Tanzania, NIDA and RITA systems by June 2024

KRSO 4: Financial management information systems in LGAs upgraded by June 2025

KRSO 5: Cash management systems in 5 Sub treasury offices upgraded by June 2027

KRSO 6: 7 Government systems in Zanzibar harmonized and integrated by June 2027

Strategic Objective 2: Quality of financial reporting improved

KRSO 1: 98% of Government reporting entities financial statements comply fully with International Accounting best principles and PFM⁹ Standards and Guidelines by June 2027

KRSO 2: Public financial Act, regulations and guidelines reviewed and updated by June 2027

KRSO 4: 85% of public institutions in Zanzibar adopted IPSAS Accrual by June 2027

In priority area III, the milestones to be monitored for programme implementation include:

- i. Roadmap for system integration and harmonization developed and updated annually
- ii. ICT strategy for Presidents' Office Finance and Planning developed and operationalized by June 2025

Priority Area IV: Procurement and Asset management

As identified in the Situation Analysis, we currently have deficiencies in the way we manage public assets. These deficiencies have been reported over many years and remain unresolved.

It is widely recognised that good PIM will be evidenced by high-performance in carrying-out the following elements of Project Cycle Management (PCM):

- i. Economic analysis of public investment proposals (Cost Benefit Analysis) based on an inclusive criterion¹⁰.
- ii. Selection of public investment proposals.
- iii. Costing of public investment proposals.
- iv. Monitoring the implementation of public investment proposals that also reflect gender, climate and green procurement disaggregated impact on the different social groups.

⁹ PEFA GRPFM - 7 Gender responsive reporting This indicator measures the extent to which the government prepares and publishes annual report(s) that includes information on gender-related expenditure and the impacts of budget policies on gender equality.

¹⁰ PEFA GRPFM - 2 Gender responsive public investment management This indicator assesses the extent to which robust appraisal methods, based on economic analysis, of feasibility or prefeasibility studies for major investment projects include analysis of the impacts on gender.

Currently, Tanzania is not performing as well as it could in all 4 elements of PCM. On the economic analysis component of the PCM, approximately 25% of major project proposals are subjected to economic analysis and these are not independently reviewed. On project selection, only some of the major projects are transparent via budget scrutiny. On costing, the total 'lifetime' costs of public investments are missing from budget documentation (recurrent costs); on monitoring, information on cumulative costs to date, projected costs to completion and progress against completion targets is not being reported for all major projects.

At the end of FY 2020/21, 426 out of 495 public sector entities had completed their asset registers and uploaded them within the GAMIS system. This includes the registration of 32 classes of assets, following IPSAS classifications, covering in particular (i) vehicles & plant, (ii) office equipment & machinery, (iii) buildings and (iv) land. Under the PFMRP, continuous efforts have been made to update and integrate asset registers within the centralised GAMIS system. This is included in PFMRP VI as a continuation of reform activities started in previous years.

The procurement process in Tanzania is decentralised, and hence MDAs – as well as Parastatal Enterprises and Local Government Authorities - are designated as Procuring Entities and thus have the responsibility for planning and managing their procurement processes in line with the Public Procurement Act and related Regulations. In line with this responsibility, they maintain their own data records on procurement, and also publish details of tenders and contract awards on their respective websites.

The 2022 PEFA reports that records are maintained in TANePS on what has been procured, the value of procurement and who has been awarded contracts. However, with less than half of Procuring Entities with approved General Procurement Notices publishing their tender awards on TANePS, the system falls short of providing accurate and complete consolidated data for the majority of procurements. Notwithstanding the significant improvement in coverage of TANePS achieved from 2019/20 to 2020/21 – an increase of 41% in the number of PEs registered, it is clear that the level of

compliance in using the system for managing procurement and publishing tender awards remains low.

Based on the Situation Analysis, this PFM Reform Programme has identified the following Strategic Objectives and Key Result in Strategic Objectives for Priority Area IV:

Strategic Objective 1: Improved Government Asset management

KRSO 1: Government Asset management information system upgraded and operationalized to 589 PSEs by June 2027

KRSO 2: International Standards on Physical Asset Management (ISO 55000) adopted to 589 PSEs by June 2027

KRSO 3: All LGAs assets identified and valued by June 2026

KRSO 4: 75% of MDAs in Zanzibar maintain Asset register through Asset management system by June 2025

Strategic Objective 2: Enhanced Public procurement management

KRSO 1: e-procurement system reviewed and integrated by June 2027

KRSO 2: Public procurement mechanism for appeals determination strengthened by June 2027

KRSO 3: Public procurement laws and regulations reviewed and updated by June 2027

KRSO 4: MDAs and Public Authorities compliance level with procurement laws and guidelines increased to 87% by June 2027

KRSO 5: RSs and LGAs compliance level with procurement laws and guidelines increased to 75% by June 2027

KRSO 6: 80% of procuring entities in Zanzibar adopted e-procurement system by June 2025 KRSO 7: Public procurement compliance level in Zanzibar increased to 70% by June 2027

Strategic Objective 3: Public investment management strengthened

KRSO 1: 80% of Public Sector complied with Public Investment Management Operational Manual (PIM-OM) by June 2027

KRSO 2: National Project Management Information System (NPMIS) implemented to all Public Sector Entities by June 2027

KRSO 3: 80% of major public investment in Zanzibar analysed in an economic scale by June 2027

In priority area IV, the milestones to be monitored for programme implementation include:

- i. Government Asset Management Modules upgraded by June 2025
- ii. ISO 550000 manuals and guideline developed by June 2025
- iii. E-public procurement complaint system developed and operationalized by June 2026
- iv. Public procurement Act, Regulations and Appeals Rules reviewed by June 2025
- v. PPAA internal guidelines for dispensation of appeals developed and implemented by June 2025
- vi. Public procurement implementation strategy developed by June 2025
- vii. Green procurement guideline developed by June 2025
- viii. Public Investment Management Operational Manual reviewed by June 2025

Priority Area V: Audit and oversight functions

The IAG has the overall responsibility for the internal audit function in MDAs, RSs, LGAs, Government Institutions and donor funded projects. As reported in the Situation Analysis, the effectiveness of the Internal Audit function in providing management with assurance on the effectiveness of internal controls in safeguarding public monies and assets is scored as D. In the situation where Internal Auditor General is reporting extremely low receipt of Internal Audit annual plans, annual reports and Audit Committee reports it is difficult to assess the coverage and effectiveness of Internal Audit.

The PEFA 2022 under Pillar VII – External Scrutiny and Audit – PI 31 Legislative scrutiny of audit reports scored a C+. The 2022 PEFA reports that in the last three fiscal years, scrutiny of audit reports on annual financial reports has been completed by the legislature within 12 months from receipt of the reports. The reports of the PAC are provided to the full chamber of Parliament, committee hearings are open to the public and press, and announced on the official website of the Parliament.

Within the Parliament of Tanzania there are several standing committees with responsibility to scrutinize Government expenditures, oversees the allocation of financial resources in accordance to the Government priorities, approve Government's budget, monitor Government projects, and the committees are also mandated to scrutinize the report of the Controller and Auditor General and any other financial matters submitted to the Parliament. These committees also oversee the action of the Executive by being a watchdog to ensure that Government is accountable for its administration. The wide area of responsibility for the members of the committees requires continuous competence development within the committee's area of responsibility as well as access to functional tools for e.g., analytical tasks.

The 2022 PEFA at Pillar VII – External Scrutiny and Audit – records a score of B for PI 30 External Audit. However, the NAOT, through self-assessment, has identified the follow main problems that need further improvement: Delay in adopting and customization of emerging international accounting and auditing standards; Inadequate resources to develop and update manuals and guidelines to capacitate auditors on the use of new audit standards, methodologies, and audit documentation software; Inadequate quality control and assurance systems; Inadequate tracking of gender responsive budgeting principles, Ineffective engagement with Stakeholders (CSOs, Media, NGOs, Audit Professionals and Development Partners; Misinterpretation of audit reports among Stakeholders; and Ineffective mechanism for the follow-up on the implementation of the issued audit recommendations. It is included in the PFM RP VI as a continuation of reform activities started in the previous period. Based on the Situation Analysis, this PFM Reform Programme has identified the following Strategic Objectives and Key Result Strategic Objectives for Priority Area V:

Strategic Objective 1: Internal Audit function strengthened

KRSO 1: 100 Internal Auditors in public sector conforming to International Standards for the Professional Practice of Internal Auditing (CISA/CIA) by June 2027

KRSO 2: Government Internal Audit Management Information System (GIA-MIS) rolled to 486 Public Entities by June 2027

KRSO 3: Internal Audit Technical Laboratory¹¹ established by June 2027
KRSO 4: Automation of Internal audit processes (from planning to follow-up) in Zanzibar developed by June 2027
KRSO 5: Compliance level on IPPF in Zanzibar increased to 80% by June 2027

Strategic Objective 2: Parliamentary Oversight functions strengthened

KRSO 1: Parliamentary Oversight Functions of PBC, LAAC, PBO, PIC, and PAC enhanced by June 2027
KRSO 2: Financial forecasting/programming model upgraded by June 2027
KRSO 3: House of representatives' oversight functions of BC, LAAC, and PAC enhanced by June 2027

Strategic Objective 3: External audit and reporting strengthened at CAG

KRSO 1: NAOT attain level 4 of AFROSAI-E standards and guidelines by June 2027
KRSO 2: Parliamentary Oversight Committees capacity on scrutinization of CAG Audit reports and expenditure tracking enhanced by June 2027
KRSO 3: 450 Auditors capacity on auditing revenue sources and key strategic projects enhanced by June 2027
KRSO 4: Citizen awareness on NAOT role increased to above 90% by June 2027
KRSO 5: Citizen awareness on OCAGZ role in Zanzibar increased to above 40% by June 2027
KRSO 6: NAOT audit documentation system developed and operationalized by June 2026
KRSO 7: NAOT technical laboratory established and operationalized by June 2026
KRSO 8: OCAGZ Audit systems for processes automation in Zanzibar developed by June 2027

¹¹ Centre of excellence for internal auditors in technical auditing

Strategic Objective 4: Strengthened follow-up of audit recommendations

KRSO 1: 70% of CAG recommendations fully implemented in MDAs and 80% in LGAs by June 2027

KRSO 2: 60% of CAG recommendations in Zanzibar fully implemented in MDAs and 50% in LGAs by June 2027

In priority area V, the milestones to be monitored for programme implementation include:

- i. Internal audit manuals and guidelines (tax and non-tax revenue, payroll and IT) developed and reviewed by June 2025
- ii. Audit manuals and guidelines developed and customized in line with AFROSAI-E standards annually
- iii. Simplified audit report prepared and disseminated annually
- iv. Stakeholder's (Citizen) engagement Plan updated annually.
- v. Audit documentation system developed, modules integrated and awareness created to all auditors by June, 2027
- vi. Technical audit lab equipment's procured and installed by June, 2024.

3.5 PFMRP VI Theory of Change

The theory of change describes the fundamental logic of how resources and activities are expected to translate into outputs, results, and impacts. The PFMRP VI is designed to ensure PFM expected results are attained through the implementation of planned interventions

The sequencing of activities to achieve the desired outputs and outcomes is key in implementing the strategic plan. The cause-effect relationship in programme implementation is the architecture adopted to ensure delivery of results (outputs and outcomes). The figure below explains the intervention logic from inputs through activities to outputs and outcomes. The activities will be implemented in annual basis on which will produce immediate results (outputs). The outputs and outcomes indicators have been stipulated in M&E framework in relation to KRSO.

The program designed has been developed from several discussions on PFM challenges within government and with Development partners. The program takes into account several PFM assessments including the PFMR V assessment, Government oversight institution assessment and evaluations including from the National Audit Office, PPRA and Parliament and the most recent PEFA assessment in both mainland Tanzania and Zanzibar. This understanding informs the design of interventions and the development of new policy and legal frameworks (or amendments to improve existing ones). PFM interventions will be following the GoT budget cycle taking into account the achievement of planned milestones and KRSO.

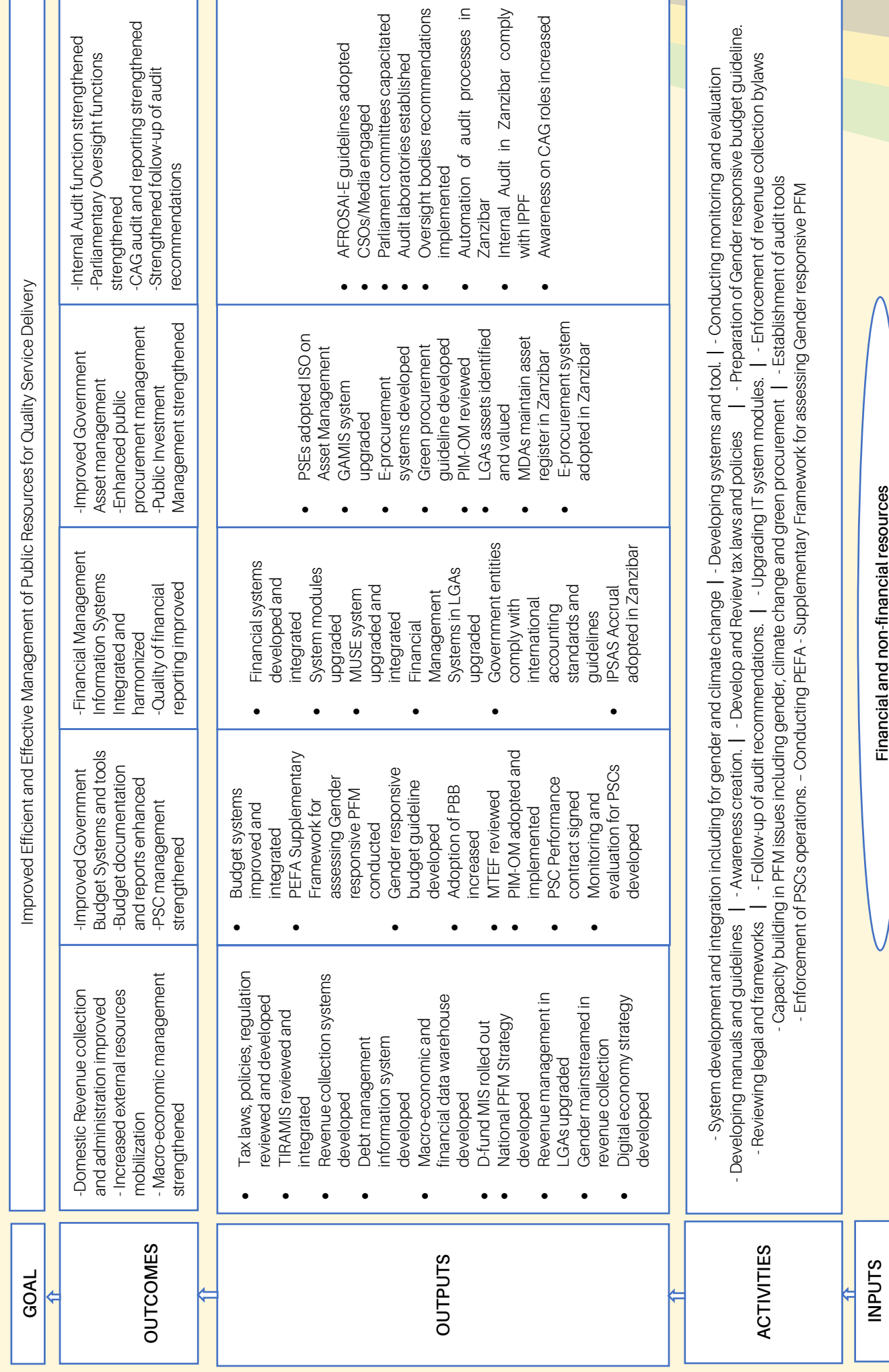
The activities will be on developing and reviewing PFM legal and regulatory frameworks, updating system modules and capacity building. Moreover, updating bylaws for revenue collection, mainstreaming gender in PFM and system integration will be implemented to ensure effective availability of information and enhancement of transparency and accountability.

The outputs will include conducted PEFA Supplementary Framework for assessing Gender responsive PFM, developed and reviewed tax laws, policies and regulation; revenue collection systems developed; D-fund MIS rolled out; National PFM Strategy developed; revenue management in LGAs upgraded; digital economy strategy developed; gender responsive budget guideline developed; MTEF reviewed; PIM-OM adopted and implemented; monitoring and evaluation guideline for PSCs developed; reviewed budget framework; continued development and integration of PFM systems; MUSE modules upgraded and integrated with other PFM systems; IPSAS Accrual adopted in Zanzibar; PSEs adopted ISO on Asset Management; GAMIS system upgraded and rolled out; E-procurement systems reviewed and upgraded; green procurement guideline developed; LGAs assets identified and valued; and AFROSAI-E guidelines adopted which are presented as KRSOs and milestones.

The programme will contribute to the outcomes on enhanced domestic revenue collection and administration; increased access to external resources; strengthened macro-economic management; improved Government Budget Systems and tools; Budget documentation and reports

enhanced; strengthened PSC management; enhanced financial management information systems interoperability; strengthened Government Asset management; enhanced compliance on public procurement management; strengthened public investment management; strengthened internal audit function; strengthened parliamentary oversight functions strengthened; and strengthened follow-up of audit recommendations. The programme has been mainstreamed in Government operations and its delivery will include both financial and non-financial input from within Government and from Development Partners.

Figure 1: PFMRP VI Theory of Change



3.6 PFMRP VI Monitoring and Evaluation Framework

The table in Appendix 1 shows the PFMRP VI Monitoring and Evaluation Framework. The Monitoring and Evaluation framework will guide implementation of the programme for the period of five years. In annual basis, plans will be prepared and implemented in line with KRSO and SO. The cause effect relation as presented on the theory of change, will guide the planning in relation to the intended results. Milestones will set to track immediate change/ results on the programme implementation.

The PFMRP VI is a result-based programme which intends to track and deliver sustainable reform results at output and outcome levels. An effective and efficient monitoring of PFMRP interventions demands a need of having a robust Monitoring and Evaluation Framework which links key performance indicators with related results.

3.6.1 PFMRP VI Monitoring, Reviews and Evaluations Plan

In ensuring the programme results are well documented, regular reviews will be undertaken. Programme monitoring will be undertaken in regular basis so as to track the level of implementation and document changes when observed. For effective monitoring of programme results, a Monitoring and Evaluation Plan has been developed which will be used as a guiding mechanism for monitoring results at output and outcome indicators. The M&E will, therefore, be carried out at several levels, namely:

- Level 1: Effectiveness (delivery against outcomes). PFM outcomes will be measured using PEFA and equivalent assessment frameworks. PFM reforms that contribute to the overall functioning and effectiveness of PFM systems are expected to have a positive impact on overall PFM assessment scores.

- Level 2: Effectiveness against intermediate outcomes. These are represented by the five priority areas identified and their accompanying strategic objectives. Indicators (outputs and outcomes) will be measured at the start (baseline), mid-term review and end of the strategy. The interventions and activities identified in the Implementation Plan are expected to contribute to achieving these results at both levels.
- Level 3 – Efficiency (Delivery of outputs and key interventions). As defined in the Implementation Plan. These will be monitored at least annually, using defined means of verification for tracking progress.

The programme evaluation will be undertaken by an independent assessor/evaluator. The independent evaluator will be engaged after the discussion between the Government of the United Republic of Tanzania and Development Partners on which the terms of reference will be prepared and agreed. The evaluation will be conducted at the Mid - of programme implementation (Mid-term review) in order to review progress made versus plan made and realign the programme towards achieving the intended results; and final evaluation will be done at the end of programme implementation to measure programme impact both at mid and long period. Series of programme reviews will be done in the Joint Supervision Mission which will be held twice in every year of programme implementation.

3.6.2 Reporting framework and timetable

The PFMRP performance reports will be prepared by the Government of Tanzania team and subjected to discussion with Development Partners. The performance reports will be produced in mid-year progress reports and annual progress reports. The Mid-year progress report and the annual performance reports will be subjected for review through Joint Supervision Mission and submitted to the PFMRP Joint

Steering Committee for approval and endorsement. The quarterly financial flash reports will be prepared and submitted to Development Partners in every quarter for review of programme financial performance.

The reports will be produced with reference to key performance indicators in PFMRP VI M&E Framework. For consistent reporting, a reporting format for programme implementation will align with PFMRP VI Strategic document and will align with the GoT Financial Year (1st July - 30th June). The timetable for report submission to stakeholders will be within the timetable set below:

- i. Quarterly Financial Flash Reports, these will be submitted within 30 days of the end of the period.
- ii. Mid-Year Progress Report, by the 15th of February each year.
- iii. Annual Performance Reports, by 15th of October each year.

CHAPTER FOUR

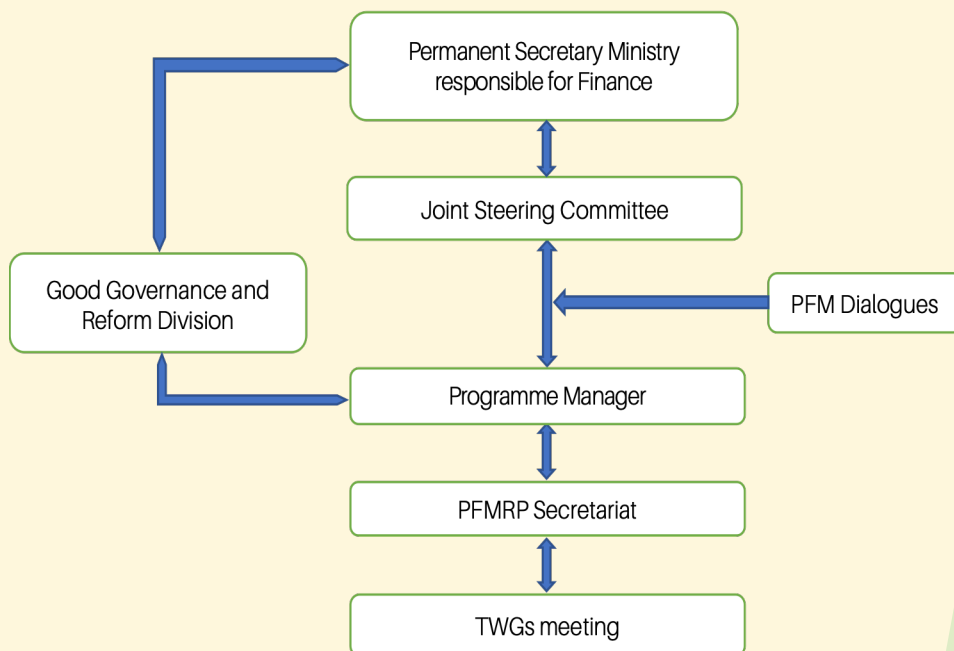
4 PROGRAMME MANAGEMENT AND INSTITUTIONAL ARRANGEMENTS

4.1 Introduction

This section describes the roles and responsibilities of the management and institutional arrangements to design, coordinate and monitor and report on the implementation of the approved PFMRP VI. This section also explains how the PFMRP VI is linked and considers the core expectations of other National and Sectoral Reform agendas. Details on programme management and institutional arrangements are contained in the Programme Operational Manual (POM).

4.2 Management Arrangements

The institutional mandates, roles, and responsibilities for the management of the programme are summarised in Figure 4.1.



4.2.1 The Good Governance and Reforms Division (GGRD)

The GGRD is mandated to advise and assist the Chief Secretary on the coordination and leadership of fundamental reforms in GOT for the better achievement of results. It also

serves as the Secretariat to the Inter-Ministerial Technical Committee (IMTC) and chairs the Technical Committee of reform coordinators. The GGRD is therefore mandated to advise the PFMRP VI in relation to other core reform programmes and to support this role, the GGRD is a permanent member of the PFMRP Joint Steering Committee (JSC).

4.2.2 PFM Dialogue

To strengthen high level engagement on key PFM issues, there will be a Programme dialogue between the GOT and DPs representatives. The dialogue will provide an opportunity for the GOT and DPs to discuss policy PFM issues and reform priorities. This platform will allow other Development Partners supporting PFM implementation in other sectors to attend and discuss issues of concern in PFM. This forum can be done at least two times per year and chaired by the Permanent Secretary to the Treasury (PST), or the Deputy Permanent Secretary responsible for PFM.

4.2.3 Joint Steering Committee (JSC)

PFMRP VI will be governed by a Joint Steering Committee (JSC), composed of representatives from GOT, the Revolutionary Government of Zanzibar (RGZ) and DPs. It will be chaired by the Permanent Secretary responsible for Finance and Co-chaired by the Chair of the Lead Donor as agreed between Government and DPs. The mandate of the JSC is to provide regular strategic direction to guide the implementation of the programme, ensuring that results are delivered efficiently and effectively.

4.2.4 Technical Working Groups (TWGs)

The technical Working Group meetings will be conducted two times per year for discussing technical issues and progress of programme implementation. These meetings will be done to ensure that all elements required to achieve

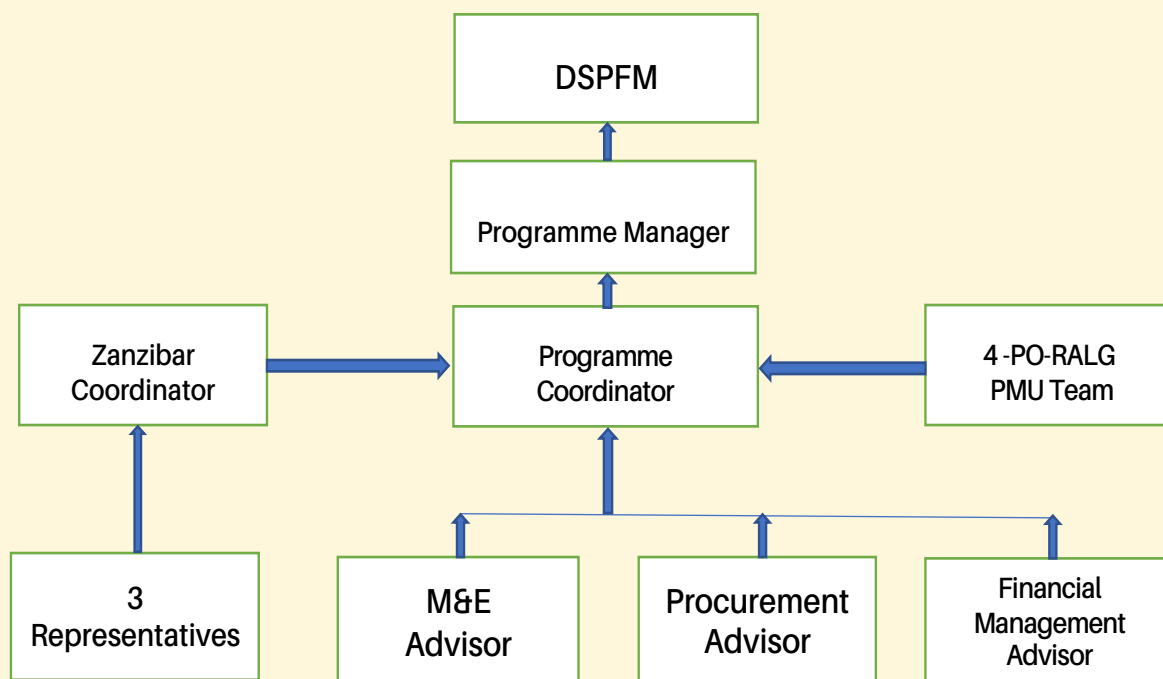
the desired results are in place, and that progress is on track. The main mandate of the TWGs is to provide a forum for detailed technical discussions in order to build consensus on implementation issues prior to, and in order to inform JSC meetings. The TWGs meeting will be done with Component Managers in each identified priority areas. The Component Managers are responsible for effective implementation of the PFMRP VI activities within their SOs to ensure the performance targets and agreed results are achieved.

4.2.5 Programme Manager

The role of the Programme Manager is to provide the high-level link between programme implementing agencies across GOT and RGZ. The Programme Manager is responsible for managing the programme on a day-to-day basis supported by the Programme Secretariat responsible for ensuring that planned activities are delivered on time, to the required quality, within budgeted resources and achieves the results specified. Further, for effective implementation and management of PFM interventions, the Programme Manager will coordinate planning and budgeting process for all PFM interventions so as to control duplication of efforts in PFM interventions.

4.2.5.1 PFMRP Secretariat

A PFMRP Secretariat has been established within Ministry responsible for Finance and reports to the Programme Manager. The Secretariat's role is to support the Programme Manager in the coordination of PFMRP VI implementation. Their role is to enable efficient and effective implementation and review of PFMRP VI as detailed in the Operational Manual. An organization chart for the Secretariat is given in Figure 4.3 below.



4.3 Financial Management

The Accounting Officer of the respective implementing agency is responsible for managing all programme finances in accordance with the current, relevant legislation in place in Tanzania mainland (the Public Finance Act No 6 of 2001, as revised) and in Zanzibar, the Public Finance Act No 12 of 2005, as depending on the availability of funds. PFMRP SO Component Managers are Sub-Warrant Holders in their respective Votes. Roles and responsibilities of Component Managers in Financial Management are detailed in POM.

4.4 Auditing

The Controller Auditor General of the United Republic of Tanzania has legal responsibility to undertake financial and performance audits of all government reform programmes in accordance with the prevailing Public Audit laws and regulations for the Mainland Tanzania and Zanzibar and give an opinion on the accounts within nine months of the end of the financial year. Programme audits shall be undertaken in accordance with the relevant International Standards on Auditing (ISAs). Audit of procurement under the programme will be undertaken by the PPRA in Mainland Tanzania and ZPPDA in Zanzibar.

CHAPTER FIVE

5 PROGRAMME RISK MANAGEMENT

5.1 Introduction

Risk management is critical for successful programme implementation to ensure that risks are identified and managed. PFM reform strategy has put in place a comprehensive risk management plan to mitigate impact of potential risks. A number of risks have been identified that are likely to have negative impact on the programme implementation. The key risks and mitigation measures for successful implementation of the PFMRP VI objectives are outlined in table 4.

Table 4: PFMRP VI - OVERALL RISK FRAMEWORK

RISK	IMPACT	LIKELIHOOD OF Occurrence	MITIGATION MEASURES
Global economic crisis and financial instability may occur, leading to failure on implementation of the Programme.	<ul style="list-style-type: none"> Delays of the implementation of programme's planned activities. 	High	Enhance Macroeconomic forecasting models. Robust action plan developed. Alternative sources to finance the Programme. Strategic dialogue.
Natural disasters and pandemic diseases may occur, leading to decline in economic growth.		Moderate	Mainstreaming National Disaster Recovery Plan into the Programme annual plans and budget.

RISK	IMPACT	LIKELIHOOD OF Occurrence	MITIGATION MEASURES
Lending and aid policies in financing partners may change, leading to unpredictable external resources which affect achievements of strategic objectives.	Decrease of ODA resources.	Moderate	Broaden tax base through support and formalization of informal sector. Strategic interventions to Increase Government contribution to Programme implementation. Strengthen Programme dialogues.
Political will for supporting programme after 2025 general election	Slow programme implementation	Low	Reduced activities during election year included in the plan

Appendix 1: PFMRP VI Monitoring and Evaluation Framework

Priority Area I: Domestic Revenue Collection and External Resources Management Improved

Strategic Objective	KRSO	Baseline (2020/21)	KPI	Frequency of Monitoring	Means of Verification (MoV)	Lead Component	Expected output/outcome
Strategic Objective 1: Domestic revenue collection and external resources management improved	KRSO 1: 70% of tax payers voluntarily comply with tax obligations	55%	Percentage of tax payers voluntarily complying with tax obligations	Annually	TRA Corporate Plan Annual Implementation Report	TRA	Output: Increased voluntary tax compliance Outcome: Increased domestic revenue
	KRSO 2: Outturn on domestic revenue collection increased to 93% by June 2027	85.6%	% Increase in domestic revenue collection against target	Semi-annually	Economic Survey Book	PAD	Output: Tax laws, policies and regulations reviewed Outcome: Increased domestic revenue
	KRSO 3: 7 Revenue management information systems in LGAs upgraded by June 2027	3	Number of revenue management information systems in LGAs upgraded	Quarterly	PO-RALG Annual Report	PO-RALG	Output: LGAs revenue collection systems reviewed and upgraded Outcome: Non-tax revenue collection increased
	KRSO 4: 150 LGAs attaining own source revenue target against	100	Number of LGAs attaining own source revenue target against budget	Quarterly	PO-RALG Annual Report	PO-RALG	Output: LGAs with clear revenue target set

Strategic Objective	KRSO	Baseline (2020/21)	KPI	Frequency of Monitoring	Means of Verification (MoV)	Lead Component	Expected output/outcome
	budget by June 2025						Outcome: LGAs attaining own source revenue target against budget
	KRSO 5: Gender mainstreamed in LGAs revenue collection increased to 40% by June 2027	15%	% of special groups members participated in LGAs revenue collection Revenue collection window for special groups established in all LGAs	Quarterly	PO-RALG Annual Report	PO-RALG	Output: Gender responsive budgeting laws, policies, regulations, manual and by-laws reviewed and updated Outcome: Standardised policies, laws, guidelines, regulations and by-laws operational
	KRSO 6: Natural resources revenue collection information system developed by June 2027	n/a	Natural resources revenue collection information system developed	Annually	MNRT Annual Reports	MNRT	Output: Laws and policies on revenue collection reviewed and amended Outcome: Increased revenue from natural resources
	KRSO 7: Domestic revenue collection increased to 95% of the budget in	79% (2021/22)	% Increase in domestic revenue collection against target	Semi-annually	ZRB Annual Report	ZRB	Output: Increased tax payers' base

Strategic Objective	KRSO	Baseline (2020/21)	KPI	Frequency of Monitoring	Means of Verification (MoV)	Lead Component	Expected output/outcome
	(revenue outturn) Zanzibar by June 2027						Outcome: Increased domestic revenue collection
	KRSO 8: Revenue Management Information System in Zanzibar improved by June 2027	3	Number of revenue Management Information System improved	Annually	RCMIS Report	ZRB	Output: System Improved Outcome: Revenue Collection Increased
	KRSO 1: D- Fund MIS rolled out to 422 Government Institutions by June 2027	46 (2021/22)	Number of Government institutions D-Fund MIS rolled out	Annually	D-Fund MIS Annual Report	EFD	Output: Government Institutions adopted the D-Fund MIS system Outcome: Transparency on external resources enhanced
Strategic Objective 2: Increased External resources mobilization	KRSO 2: D-fund MIS developed and operationalized in Zanzibar by June 2025	n/a	D-fund MIS system developed and operationalized	Annually	D-Fund MIS Annual Report	DEF	Output: D-fund MIS developed Outcome: Transparency on external resources enhanced

Strategic Objective	KRSO	Baseline (2020/21)	KPI	Frequency of Monitoring	Means of Verification (MoV)	Lead Component	Expected output/outcome
Strategic Objective 3: Debt management strengthened and sustained	KRSO 3: Zanzibar External resource mobilization outturn compared to budget increased to 90% by June 2027	80%	Percentage outturn of external resource mobilization	Annually	Annually Report	PO – FPZ	Output: Increase in external resource mobilization Outcome: Government resources envelope increased
	KRSO 4: Realization of ODA committed as a percentage of Budget increased to 100% in June 2027.	93% (2021/22)	ODA committed as a percentage of Budget	Annually	Budget Speech	EFD	Output: Increase in ODA committed Outcome: Increased External resources mobilization
	KRSO 1: Debt management information system for monitoring contingent liability developed by June 2027	n/a	Debt management information system developed	Annually	Quarterly/ Annual Debt Report	DMD	Output: Debt management information system for monitoring contingent liability developed and implemented Outcome: Credible financial information
	KRSO 2: Public debt management strategy developed and implemented	n/a	Public debt management strategy developed and implemented	Annually	Annual report	ACGEN – FPZ	Output: Public debt management strategy developed and implemented

Strategic Objective	KRSO	Baseline (2020/21)	KPI	Frequency of Monitoring	Means of Verification (MoV)	Lead Component	Expected output/outcome
	in Zanzibar by June 2027						Outcome: Debt and risk management strengthened and sustained
	KRSO 3: Debt management system developed and operational in Zanzibar by June 2027	n/a	Debt Management System developed and operationalized	Annually	System reports	PO – FPZ	Output: Debt management system developed and operational Outcome: Consistently credible debt information
Strategic Objective 4: Macro-economic management strengthened	KRSO 1: Economic and financial data warehouse developed and operational by June 2027	n/a	Economic and financial data warehouse developed	Annually	Fiscal reports	PAD	Output: Economic and financial data warehouse developed Outcome: Macroeconomic forecasting and economic data management strengthened

Strategic Objective	KRSO	Baseline (2020/21)	KPI	Frequency of Monitoring	Means of Verification (MoV)	Lead Component	Expected output/outcome
	KRSO 2: National PFM Strategy developed by June 2027	n/a	National PFM Strategy developed	Annually	PFMRP Annual Report	DPD	Output: National PFM Strategy developed Outcome: PFM in country well-coordinated
	KRSO 3: Forecasting model developed in Zanzibar by June 2027	n/a	Forecasting model developed	Annually	Annual reports	PO - FPZ	Output: Forecasting model developed Outcome: Macro-economic management strengthened
	KRSO 4: Digital economy strategy in Zanzibar developed and implemented by June 2027	n/a	Digital economy and digital currency strategy developed	Annually	Digital economy and currency strategy	PO - FPZ	Output: Digital economy and digital currency strategy developed and implemented Outcome: Improved revenue forecast and collection
	KRSO 5: Sector planning in Zanzibar aligned with National strategy by June 2027	20 out of 80	Number of MDAs and LGAs with Strategic Plans aligned with National Strategy	Annually	Annual Reports	PO - FPZ	Output: Sector planning aligned with National strategy Outcome: Macro-economic management strengthened

Priority Area II: BUDGET MANAGEMENT

Strategic Objective	KRSO	Baseline (2020/21)	KPI	Frequency of Monitoring	Means of Verification (MoV)	Lead Component	Expected output/outcome
Strategic Objective 1: Improved Government budget systems and tools for planning and decision making	KRSO 1: Aggregate expenditure outturn improved to 95% by June 2027	87%	Expenditure outturn compared to approved budget	Annually	Consolidated Annual BER	GBD	Output: Budget information system improved with more functionalities and reports Outcome: Improved Budget Performance
	KRSO 2: PEFA Supplementary Framework for assessing Gender responsive PFM conducted by June 2025	n/a	PEFA Assessment on Gender conducted	Annually	PEFA website	DPD	Output: PEFA assessment on Gender in PFM conducted Outcome: Gender effectively mainstreamed in PFM functions
	KRSO 3: Effectiveness commitment of controls and cash management improved by June 2027	12%	Stock of arrears as % of total expenditure	Annually	Budget Execution Report	GBD	Output: Cash rationing and management improved Outcome: Effective management of arrears improved
	KRSO 4: Gender responsive budgeting integrated to comprehensive budget management	n/a	Gender responsive guideline developed	Annually	Plan and Budget Guidelines	GBD	Output: Gender responsive guideline developed

Strategic Objective	KRSO	Baseline (2020/21)	KPI	Frequency of Monitoring	Means of Verification (MoV)	Lead Component	Expected output/outcome
	systems by June 2027						Outcome: Gender mainstreamed in Government budget
	KRSO 5: 80% adoption of PBB for MDAs and LGAs in Zanzibar by June 2027	23%	Percentage of MDAs and LGAs adopted PBB	Annually	Annual Reports	DB	Output: Public Sector Entities adopted the use of PBB Outcome: Efficiency and effectiveness of Public Expenditure improved
	KRSO 6: LGAs compliance with budget guidelines increased to 85% by June 2027	64%	% of LGAs complying with budget guideline	Annually	LGAs quarterly financial reports	PO-RALG	Output: Adoption of budget guidelines in LGAs Outcome: Improved Budget Performance
	KRSO 7: Aggregate expenditure outturn compared to budget improved to 95% in Zanzibar by June 2027	64.9%	Percentage of expenditures against approved budget	Annually	Quarterly Budget Execution Reports	DB	Output: Increased Government expenditure in comparison to the approved budget. Outcome: Improved Budget Performance

Strategic Objective	KRSO	Baseline (2020/21)	KPI	Frequency of Monitoring	Means of Verification (MoV)	Lead Component	Expected output/outcome
	KRSO 8: Medium Term Expenditure Framework Projections simplified and structured to focus on high-level programmes and strategic policies by June 2027	3 out of 4 elements attained according to PEFA requirements	Annual budget documentation	Annually	Quarterly Budget Execution Reports	GBD	Output: Annual budgets aligned with the medium-term budget estimates Outcome: Credible MTEF is prepared
Strategic Objective 2: Budget documentation and reporting enhanced	KRSO Comprehensive budget documentation improved by June 2025	2 out of 4 of basic elements	Number of basic elements included in the Budget documents published (as per PEFA guideline)	Quarterly	Quarterly Budget Execution Reports	GBD	Output: All budget documents are timely prepared and published Outcome: Credible financial information
	KRSO 2: Level of public access to budget documents increased to 50% by 2027	21% of transparency according to OBS	Level of public access to budget documents	Annually	OBS Survey Annual Reports / PEFA report	GBD	Output: Information on preparation and execution of budget are published Outcome: Transparency on Government budget enhanced

Strategic Objective	KRSO	Baseline (2020/21)	KPI	Frequency of Monitoring	Means of Verification (MoV)	Lead Component	Expected output/outcome
Strategic Objective 3: management strengthened	KRSO 3: All budget reports in Zanzibar disaggregated by function sectors using GFS 2014 standards annually	n/a	Number of budget reports dis-aggregated by functions using GFS codes standards	Annually	Quarterly Budget Execution Reports	DB	Output: Budget Reports dis aggregated by functions using GFS codes standards are prepared and disseminated. Outcome: Credible financial information
	KRSO 1: NTR collection from PSCs increased to TZS 1.2 trillion by June 2027	TZS 637 billion	NTR collection from PSCs increased	Annually	OTR Annual Performance Report	OTR	Output: NTR collection increased Outcome: PSCs management improved
	KRSO 2: Monitoring and evaluation framework for PEs developed and operationalized to 400 PEs by June 2027	40	Number of PSCs monitored and evaluated annually Number of PSCs performance contract signed	Annually	OTR Annual Performance Report	OTR	Output: PSCs signed performance contracts Outcome: PSCs compliance on guidelines improved
	KRSO 3: Risk management framework for PSCs developed and operational to 400 PEs by June 2027	n/a	Risk management for PSCs management developed	Quarterly	OTR Annual Performance Report	OTR	Output: Risk management framework for PSCs developed Outcome: PSCs management strengthened

Strategic Objective	KRSO	Baseline (2020/21)	KPI	Frequency of Monitoring	Means of Verification (MoV)	Lead Component	Expected output/outcome
	KRSO 4: Government dividends from public corporations increased to TZS 50 billion by June 2027	TZS 18 billion	Amount of dividend from Public Corporations	Annually	OTR Annual Performance Report	OTR	Output: Increase in Government dividend from Public Corporations Outcome: Government resources envelope increased

Priority Area III: Financial management and reporting

Strategic Objective	KRSO	Baseline (2020/21)	KPI	Frequency of Monitoring	Means of Verification (MoV)	Lead Component	Expected output/outcome
Strategic Objective 1: Financial Management Information Systems integrated and harmonized	KRSO 1: 49 financial management information systems integrated by June 2027	28 financial management information systems	Number of financial management information systems integrated	Annually	Annual Reports	FISMD	Output: Integrated financial electronic management system Outcome: Improved financial management
	KRSO 2: MUSE system upgraded and integrated by June 2025	4 out of 8	Number of systems integrated with MUSE	Annually	MUSE generated reports	ACGEN	Output: Upgraded MUSE Modules Outcome: Improved financial management
	KRSO 3: Treasury Pension Payment System interfaced with Judiciary of Tanzania, NIDA and RITA by June 2024	n/a	Number of systems interfaced	Annually	Systems reports	ACGEN	Output: Treasury Pension Payment System interfaced with Judiciary of Tanzania, NIDA and RITA Outcome: Quality of pension payment information enhanced
	KRSO 4: Cash management systems in 5 Sub treasury offices upgraded by June 2027	n/a	Cash management systems upgraded	Annually	Annual Reports	ACGEN	Output: Sub-treasury offices with upgraded cash management systems Outcome: Improved efficiency in cash management

Strategic Objective	KRSO	Baseline (2020/21)	KPI	Frequency of Monitoring	Means of Verification (MoV)	Lead Component	Expected output/outcome
Strategic Objective 2: Quality of financial reporting improved	KRSO 5: 7 Financial management information systems in LGAs upgraded by June 2025	2 out of 7	Number of Financial management information systems in LGAs upgraded	Annually	Annual Reports	PO-RALG	Output: Upgraded financial management systems. Outcome: Comprehensive financial information in LGAs.
	KRSO 6: 7 Government systems harmonized and integrated by June 2027 in Zanzibar	n/a	Number of Government systems harmonized and integrated	Annually	Annual Implementation Reports	DS ICT ACGEN Zanzibar	Output: Integrated Government financial systems. Outcome: Improved financial management
	KRSO 1: 98% of Government reporting entities financial statements comply fully with International Accounting standards and guidelines by June 2027	88%	Percentage of Government reporting entities financial statements complied fully with International Accounting standards and guidelines	Annually	Annual Implementation Reports	ACGEN	Output: Rate of compliance with International Accounting standards and guidelines Outcome: Quality financial reporting and increased unqualified audit opinions
	KRSO 2: Public financial Act, regulations and guidelines reviewed	n/a	Regulations and guidelines updated	Annually	Annual Implementation Reports	ACGEN	Output: Updated financial regulations and guidelines

Strategic Objective	KRSO	Baseline (2020/21)	KPI	Frequency of Monitoring	Means of Verification (MoV)	Lead Component	Expected output/outcome
	and updated by June 2027						Outcome: Increased quality of financial reporting
	KRSO 3: Expenditure commitment outside Epicor/IFMS system in Zanzibar reduced to 5% by June 2027 in Zanzibar	15%	Percentage of expenditure commitment outside Epicor/IFMS system	Annually	Annual Implementation Reports	ACGEN Zanzibar	Output: Reduced expenditure commitment outside Epicor/IFMS system Outcome: Quality financial reporting
	KRSO 4: 85% of Public Institutions in Zanzibar adopted IPSAS Accrual accounting by June 2027 in Zanzibar	8%	Percentage of Public Institutions adopted IPSAS Accrual accounting	Annually	Annual Implementation Reports	ACGEN Zanzibar	Output: Increased percentage of Institutions adopted IPSAS Accrual accounting Outcome: Comprehensive financial information
	KRSO 5: Development fund flows reported under IFMS in Zanzibar increased to 100% by June 2027 in Zanzibar	60%	Percentage of Development fund flows reported under IFMS	Annually	Annual Implementation Reports	ACGEN Zanzibar	Output: Increased number of Development fund flows reported under IFMS Outcome: Comprehensive financial information

Priority Area IV: Procurement and asset management

Strategic Objective	KRSO	Baseline (2020/21)	KPI	Frequency of Monitoring	Means of Verification (MoV)	Lead Component	Expected output/outcome
Strategic Objective 1: Improved Government Asset management	KRSO 1: Government Asset management system modules upgraded and operational to 589 PSEs by June 2027	470	Number of Government Asset management information systems upgraded	Annually	GAMIS Reports	GAMD	Output: Government Asset management system upgraded and operational Outcome: Reliable Government asset records
	KRSO 2: International Standards on Physical Asset Management (ISO 55000) adopted by 589 PSEs by June 2027	0	Number of MDAs adopted ISO 55000 in asset management	Annually	Annual Implementation Reports	GAMD	Output: MDAs comply with ISO standards on Asset management Outcome: Credible Government asset records
	KRSO 3: All LGAs assets identified and valued by June 2026	114	Number of LGA with asset identification and Valuation	Annually	Updated Asset Register	PO-RALG	Output: Increase of LGA's assets identified and valued Outcome: Credible Government asset records
	KRSO 4: 75% of MDAs in Zanzibar maintain Asset register through Asset management system by June 2025	33%	Percentage of MDAs maintain Asset register through Asset management system	Annually	Updated Asset Register	OTR – ZNZ	Output: Increase of MDA's assets identified and valued Outcome: Credible Government asset records

Strategic Objective	KRSO	Baseline (2020/21)	KPI	Frequency of Monitoring	Means of Verification (MoV)	Lead Component	Expected output/outcome
Strategic Objective 2: Enhanced Public procurement management	KRSO 1: e-procurement system reviewed and integrated by June 2027	n/a	e-procurement systems reviewed and integrated Compliance to 30% procurement for special groups regulations	Annually	PPRA Annual Reports	PPRA	Output: e-procurement systems reviewed and integrated Outcome: Efficiency and transparency in procurement
	KRSO 2: Public procurement mechanism for appeals determination strengthened by June 2027	94%	% of registered public procurement appeals determined	Annually	PPAA website	PPAA	Output: Increased determined public procurement appeals Outcome: Efficiency in handling public procurement complaints enhanced
		19%	% of public procurement appeals decision disputed by parties	Annually	PPAA website		Output: Reduced public procurement appeals decision disputed by parties Outcome: Efficiency in handling public procurement complaints enhanced
	KRSO 3: Public procurement laws and regulations reviewed and	1	Number of public procurement laws reviewed	Annually	Annual Implementation Reports	PPPD	Output: Green Public procurement regulations developed; Procurement laws reviewed and updated
		25 out 380					

Strategic Objective	KRSO	Baseline (2020/21)	KPI	Frequency of Monitoring	Means of Verification (MoV)	Lead Component	Expected output/outcome
	updated by June 2027		Number of public procurement regulations including compliance to 30% allocation for special groups reviewed and formulated				Outcome: Efficiency of public procurement enhanced
	KRSO 4: MDAs and Public Authorities compliance level with procurement laws and guidelines increased to 87% by June 2027	79.4%	Percentage of MDAs comply with procurement laws	Annually	PPRA PER	PPRA	Output: Increase MDA compliance with procurement laws Outcome: Fair and value for money procurement
	KRSO 5: RSs and LGAs compliance with procurement laws and guidelines increased to 75% by June 2027	69.2%	Percentage of LGAs compliance with procurement laws	Annually	PPRA PER	PO-RALG	Output: Increased LGA compliance with procurement laws Outcome: Fair and value for money procurement
	KRSO 6: 75% of procuring entities in Zanzibar adopted e-procurement system by June 2025	0	Percentage of PEs adopted e-procurement system	Annually	ZPPDA PER	ZPPDA	Output: Compliance with procurement laws in Zanzibar Outcome: Fair and value for money procurement

Strategic Objective	KRSO	Baseline (2020/21)	KPI	Frequency of Monitoring	Means of Verification (MoV)	Lead Component	Expected output/outcome
Strategic Objective 3: Public investment management strengthened	KRSO 7: Public procurement compliance level in Zanzibar increased to 70% by June 2027	48%	Percentage of PEs complied with procurement laws	Annually	ZPPDA PER	ZPPDA	Output: Increased compliance with procurement laws in Zanzibar Outcome: Fair and value for money procurement
	KRSO 1: 80% of Public Sector complied with public investment management operational manual (PIM-OM) by June 2027	67%	% of Public Investment Projects subjected to appraisal in compliance with PIM - OM including gender responsive guidelines	Annually	Annual Implementation Reports	NPD	Output: PIM-OM rolled out to all Public Sector Entities Outcome: Prudent and feasible Public Investments
	KRSO 2: National Project Management information system (NPMIS) implemented to all Public Sector Entities by June 2027	275	Number of Public Entities implementing NPMIS	Annually	NPMIS System Reports	NPD	Output: NPMIS rolled out to all PSEs Outcome: Efficiency and effective National project management
	KRSO 3: 80% of major public investment analysed in an economic scale platform by June 2027 in Zanzibar	30%	Percentage of Public investment analyzed in an economic scale platform	Annually	ZPC Annual Implementation Report	OTR / ZPC	Output: Public investment analysis done on economic platform Outcome: Public investment management strengthened

Strategic Objective	KRSO	Baseline (2020/21)	KPI	Frequency of Monitoring	Means of Verification (MoV)	Lead Component	Expected output/outcome
Strategic Objective 1: Internal Audit function strengthened	KRSO 1: 100 internal auditors in public sector conforming to International Standards for the Professional Practice of Internal Auditing	27	Number of internal auditors in public sector conforming to International Standards for professional practice (received CISA/CIA certification)	Annually	Annual Report	IAGD	Output: Increased number of Internal Auditors apply internal audit standards Outcome: Improved quality of internal audit reports and strengthened Internal control
	KRSO 2: GIA-MIS rolled out to 486 Public entities by June 2027	0	Number of Public Entities adopted and use GIA-MIS	Annually	Annual Reports	IAGD	Output: Increased compliance level with internal control system and procedures Outcome: Improved quality internal audit reports and strengthened Internal control
	KRSO 3: Internal Audit Technical Laboratory established by June 2027	n/a	Internal Audit Lab established	Annually	Observation/ Annual Reports	IAGD	Output: Technical audit and real time audit conducted Outcome: Improved internal audit functions

Strategic Objective	KRSO	Baseline (2020/21)	KPI	Frequency of Monitoring	Means of Verification (MoV)	Lead Component	Expected output/outcome
	KRSO 5: Compliance level on IPPF increased to 80% in Zanzibar by June 2027	14%	Internal Auditors in Zanzibar apply the IPPF	Annually	Annual Report	IAGDZ	Output: Increased number of Internal Auditors in Zanzibar apply IPPF standards Outcome: Strengthened Internal Audit function and improved quality of internal audit reports
Strategic Objective 2: Parliamentary Oversight functions strengthened	KRSO 1: Parliamentary Oversight functions of PBC, LAAC, PAC, PIC, and PBO enhanced by June 2027	60%	Oversight functions of PBC, LAAC, PAC, PIC, and PBO facilitated	Annually	Parliament website/ Annual reports	PBO	Output: Increased number of POC members trained on scrutinizing of budget and audit reports Outcome: Improved public resources management
	KRSO 2: Financial forecasting/programming model upgraded by June 2025	n/a	Financial forecasting/programming model upgraded	Annually	Parliament website/ Annual reports	PBO	Output: Financial forecasting/programming model upgraded Outcome: Budget variances reduced and enhanced budget reliability and credibility

Strategic Objective	KRSO	Baseline (2020/21)	KPI	Frequency of Monitoring	Means of Verification (MoV)	Lead Component	Expected output/outcome
	KRSO 3: House of representatives' oversight functions of BC, LAAC, and PAC enhanced by June 2027	50%	Oversight functions of PBC, LAAC, and PAC trained	Annually	Annual reports	HoR	Output: Increased number of POC members with knowledge on scrutinizing of budget and audit reports Outcome: Improved public resources management
Strategic Objective 3: CAG audit and reporting strengthened	KRSO 1: NAOT attain level 4 of AFROSAI-E standards and guidelines by June 2027	Level-3	NAOT attain level 4 of AFROSAI-E standards and guidelines	Annually	AFROSAI-E website/ Annual report	NAOT	Output: Increased compliance level of NAOT with AFROSAI-E standards and guidelines Outcome: Improved quality of CAG audit reports and enhanced accountability on public resource management
	KRSO 2: Parliamentary oversight committees' capacity on scrutinization of CAG Audit reports and expenditure tracking enhanced by June 2027	n/a	Awareness to Parliamentary Oversight Committee Members on CAG reports increased	Annually	Annual Report	NAOT	Output: Awareness of Parliamentary Committee Members on CAG reports improved Outcome: Effective management of Government operations

Strategic Objective	KRSO	Baseline (2020/21)	KPI	Frequency of Monitoring	Means of Verification (MoV)	Lead Component	Expected output/outcome
	KRSO 3: 450 auditors' capacity on auditing revenue sources and key strategic projects enhanced by June 2027	60	Number of auditor's knowledge on auditing revenue sources and strategic projects increased	Annually	CAG Audit reports/ KAP Survey	NAOT	Output: Revenue collection information systems audited Outcome: Efficiency use and allocation of Government resources
	KRSO 4: Citizens' awareness on NAOT's role increased to above 90% by June 2027	73%	Increased Citizens' awareness on NAOT's role	Annually	CAG Internal Assessment Report	NAOT	Output: Increased number of awareness campaigns done Outcome: Increased citizens' awareness on NAOT's functions
	KRSO 5: Citizen awareness on OCAGZ functions increased to above 40% in Zanzibar by June 2027	n/a	Citizens' awareness on OCAGZ role	Annually	OCAG Internal Assessment Report	OCAGZ	Output: Awareness campaigns and survey conducted Outcome: Increased citizens' awareness on OCAGZ functions
	KRSO 6: NAOT Audit documentation system developed and operational by June 2026	n/a	NAOT documentation system developed and operational	Annually	CAG Audit Report	NAOT	Output: NAOT documentation system developed and operational Outcome: Easy access of external audit information

Strategic Objective	KRSO	Baseline (2020/21)	KPI	Frequency of Monitoring	Means of Verification (MoV)	Lead Component	Expected output/outcome
Strategic Objective 4: Strengthened follow up of audit recommendations	KRSO 7: NAOT technical audit laboratory established by June 2026	n/a	NAOT technical audit laboratory established	Annually	CAG Audit Report	NAOT	Output: Developed technical audit lab Outcome: Easy access of external audit information
	KRSO 8: OCAG Audit systems for processes automation in Zanzibar developed by June 2027	n/a	Audit processes automated	Annually	OCAGZ Internal Assessment Report	OCAGZ	Output: Automated audit processes Outcome: Efficiency and effective audit processes
	KRSO 1: 70% of CAG recommendations fully implemented in MDAs and 80% in LGAs by June 2027	28% in MDAs and 54% in LGAs	Level of CAG recommendations implemented in MDAs and in LGAs	Annually	CAG Audit Report	IAG, PO-RALG	Output: Increased percentage of audit recommendations implemented. Outcome: Rate of Unqualified Audit opinion increased
	KRSO 2: 60% of OCAGZ recommendations fully implemented in MDAs in Zanzibar by June 2027	n/a	OCAGZ recommendations fully implemented in MDAs in Zanzibar	Annually	OCAGZ Audit Report	IAG, MDAs, OCAGZ	Output: Increased percentage of audit recommendations implemented. Outcome: Rate of Unqualified Audit opinion increased

