Medium Term Strategic Planning and Budgeting Manual

Working Document
10 November, 2005
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Abbreviations

AIDS - Acquired Immune Deficiency Syndrome
ARSIP - Annual Performance Reporting and Service Improvement Planning
CEO - Chief Executive Officer
CSOs - Civil Society Institutions
CSRIP - Civil Service Reform Programme
DAP - Department of Administration & Personnel
D-by-D - Decentralisation by Devolution
DCs - District Commissioners
GFS - Government Financial Statistics
GoT - Government of Tanzania
HIPC - Highly Indebted Poor Countries
HIV - Human Immune-deficiency Virus
IFMS - Integrated Financial Management System
IMTC - Inter-Ministerial Technical Committee
LGAs - Local Government Authorities
M&E - Monitoring and Evaluation
MDAs - Ministry, Departments and Agencies
MDGs - Millennium Development Goals
MKUKUTA - Mkakati wa Kukuza Uchumi na Kupunguza Umaskini Tanzania
MoF - Ministry of Finance
MTEF - Medium Term Expenditure Framework
MTPs - Medium Term Plans
MTSPBF - Medium Term Strategic Planning and Budget Framework
NDV - National Development Vision
NPBGs - National Plan and Budget Guidelines
NSGRP - National Strategy for Growth and Reduction of Poverty
O&OD - Opportunities and Obstacles to Development
OC - Other Charges
OPRAS - Open Performance Review and Appraisal System
PBG - Planning and Budget Guidelines
PE - Personal emolumentss
PEDP - Primary Education Development Programme
PER - Public Expenditure Review
PMO - Prime Minister’s Office
PMS - Performance Management System
PO-PP - President’s Office – Planning and Privatisation
PO-PSM - President’s Office – Public Service Management
PO-RALG - President’s Office – Regional Administration and Local Government
PRS - Poverty Reduction Strategy
PSRP - Public Service Reform Programme
RAS - Regional Administrative Secretary
RCs - Regional Commissioners
RPFBA - Rolling Plan and Forward Budget
SBAS - Strategic Budget Allocation System
SDS - Service Delivery Surveys
SMART - Specific, Measurable, Achievable, Realistic and Time Bound

SPs - Strategic Plans

SWOC - Strengths, Weaknesses, Opportunities and Challenges

TORs - Terms of Reference

UCC - University Computing Centre

URT - United Republic of Tanzania

VPO - Vice President’s Office

Terms

Accountability, Obligation to demonstrate that work has been conducted in compliance with agreed rules and standards (including performance measures)

Activity, the actions taken or work performed in order to produce a given target. Activities are what institutions do and describe processes which are largely internal to the institution. They describe HOW a target is to be produced

Appraisal, an overall assessment of the relevance, feasibility, and potential sustainability of a series of interventions prior to a decision to undertake or fund them

Assumptions, Hypotheses about factors or risks which could affect the progress or success of an intervention

Baseline Indicator Value: historical value of an indicator. Includes an associated date called the baseline indicator date.

Benchmark, reference point or standard against which performance or achievement can be assessed. A benchmark often refers to the performance that has been achieved in the recent past by other comparable institutions, or what can be reasonably inferred to have been achieved in the circumstances.

Capacity Building a process leading to either (i) skill upgrading, (both general and specific), (ii) procedural improvements, and (iii) institutional strengthening. Capacity building refers to investment in people, institutions, and practices

Counterfactual, the situation or condition which hypothetically may prevail for individuals, institutions, or groups were there to be no intervention.

Economy, absence of waste during the production of a given output. An activity is economical when the costs of the scarce resources used approximate the minimum required

Effect, intended or unintended change due directly or indirectly to an intervention.

Effectiveness, the extent to which an intervention’s objectives were achieved, or are expected to be achieved, taking into account their relative importance.

Efficiency, A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted to outputs or results.

Evaluation: a periodic assessment of the efficiency, effectiveness, impact, sustainability and relevance in the context of stated objectives.

Feedback, the transmission of findings generated through the evaluation process to parties for whom it is relevant and useful so as to facilitate learning. This may involve the collection and dissemination of findings, conclusions,

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1 Terms are based on, but adjusted from the OECD definitions for evaluation and results based management.
recommendations and lessons from experience.

Goal: a statement concerning the successful realisation of an impact

Governance, the way in which power and authority influence public life, especially economic and social development

Impact, An effect on well-being. A significant long-term developmental change induced in the user of a service or product. May be direct or indirect, intended or unintended.

Indicator, a number having a particular measurement purpose. A Quantitative or qualitative factor or variable that provides a simple and reliable means to measure achievement, to reflect the changes connected to an intervention, or to help assess the performance of a party or institution. Or, a variable that allows the verification of changes in the development intervention or shows results relative to what was planned. Indicators are usually indirect measures of an underlying phenomena or quality (the way “smoke indicates fire” and are usually stated in SMART format. Indicators are often disaggregated to compare results and frequently have time-specified target and baseline values.

Input, the financial, human, and material resources used during the completion of an activity. Inputs are frequently measured in terms of financial costs

Logframe, a management tool used to improve the design of interventions, most often at the project level. It involves identifying strategic elements (inputs, outputs, outcomes, impact) and their causal relationships, indicators, and the assumptions or risks that may influence success and failure. It thus facilitates planning, execution and evaluation of an intervention.

Milestone, an activity used to identify significant events in a schedule, such as the completion of a major phase. An activity tagged or singled out for special monitoring in terms of progress or completion. The milestone selected should be indicative of a larger or more important process. Milestones can be considered a form of indicator, whether or not something has been produced within a particular deadline

Monitoring: a continuing function that uses systematic collection of data on specified indicators to provide management and the main stakeholders of an ongoing intervention with indications of the extent of progress and achievement of objectives and progress in the use of allocated funds.

Objective (MTEF Objective), a broad statement of what is to be achieved and the improvements to be made. An objective describes an intended outcome or impact and summarizes why a series of actions have been undertaken.

Outcome, the likely or achieved short-term and medium-term effects of an intervention’s outputs. A direct, but intermediary change or improvement in the welfare of the customer or beneficiary as a result of the use of a service (or output). Examples include improved health after visiting a dispensary, or increased knowledge after completing school.

Output, the products, goods and services which result from an intervention; may also include changes (usually of an immediate nature) resulting from the intervention which are relevant to the achievement of outcomes.

Performance, the degree to which an intervention or an implementer operates according to specific criteria/
standards/guidelines or achieves results in accordance with stated objectives or plans.

**Process:** how something is done

**Process evaluation:** an evaluation of the internal dynamics of implementing institutions, their policy instruments, their service delivery mechanisms, their management practices, and the linkages among these.

**Programme:** A time-bound intervention that differs from a project in that it usually cuts across sectors, themes and/or geographic areas, uses a multi-disciplinary approach, involves more institutions than a project, and may be supported by different funding sources.

**Relevance,** the extent to which the objectives of an intervention are consistent with beneficiaries’ requirements, country needs, global priorities and policies. Retrospectively, the question of relevance often becomes a question as to whether the objectives of an intervention or its design are still appropriate given changed circumstances or observed effects.

**Results,** the output, outcome or impact (intended or unintended, positive and/or negative) of a development intervention.

**Results Chain,** the causal sequence for an intervention that stipulates the necessary sequence to achieve desired objectives, beginning with inputs, moving through activities and outputs, and culminating in outcomes, impacts, and feedback.

**Results-Based Management (RBM),** a management strategy focusing on performance and achievement of outputs, outcomes and impacts.

**Risk analysis,** an analysis or an assessment of factors (called assumptions in the logframe) affect or are likely to affect the successful achievement of an intervention’s objectives. A detailed examination of the potential unwanted and negative consequences to human life, health, property, or the environment posed by interventions; a systematic process to provide information regarding such undesirable consequences; the process of quantification of the probabilities and expected impacts for identified risks.

**SMART:** Attributes of indicators, but sometimes applied to other planning entities, such as Targets or Objectives. SMART stands for: Specific, Measurable, Achievable, Realistic, and Timely; a means for assessing performance indicators.

**Stakeholders,** all of those who have an interest (either direct or indirect) in an institution, its activities and its achievements. These may include clients or customers, partners, employees, shareholders/owners, government or regulators.

**Sustainability,** the continuation of benefits from an intervention after the intervention has been completed. The probability of continued long-term benefits. The resilience to risk of the net benefit flows over time.

**Target (MTEF Target),** the goods or services produced over a given period of time, by an institution, in order to achieve its objectives. An MTEF target corresponds to an output.
Preface

This manual has been prepared in order to assist institutions plan, monitor, evaluate and report. It provides two types of guidance:

- First, it provides background information, which helps explain what the general methods and processes to be undertaken are. This is intended to help institutions understand planning, monitoring and reporting.
- Second, it provides specific instructions: how to do something.

The manual itself combines many previous documents, handbooks, and training materials in an attempt to put the most salient information in one convenient location. This process of harmonisation and rationalisation is not, however, complete. Attention has been focused on planning with issues of monitoring, evaluation, and reporting to be improved upon later. **In the case of Chapters 6 and 7 the contents should, therefore, be considered as preliminary only.** These chapters have been left as skeletons and have not been thoroughly reviewed or widely discussed. Though incomplete, and in some cases quite general, they still can be used to provide broad guidance and information. Other issues, such as the improvement of MTEF forms, have similarly been left for a later date. With this in mind, this version of the manual focuses on:

- Unifying terms used in planning, and establishing a common understanding of what planning is and why and how it is done
- Integrating MTEF and Strategic Planning
- Defining the relationship between MKUKUTA and Strategic Planning
1. Introduction

1.1 Background and Purpose

In recent years the Government has undertaken various structural and institutional reforms, has revised its policies and strategies, and has established a number of processes aimed at improving service delivery and the general welfare of its citizens. These include, amongst others: Public Sector Reforms, Decentralisation by Devolution (D-by-D), National Strategy for Growth and Reduction of Poverty (NSGRP) commonly known as MKUKUTA, the Medium Term Plan (MTP), Sector Strategies, Performance Management Systems, and the Public Expenditure Review (PER) and Medium Term Expenditure Framework (MTEF). These initiatives affect the planning and budgeting as well as monitoring and evaluation taking place within institutions in various ways. There is, therefore, a need to harmonize and align them.

1.1.1 PURPOSE OF THE MANUAL

The Manual is meant to provide guidance to Ministries, Departments and Agencies (MDAs), Regions and Local Government Authorities on how to prepare Strategic Plans (SPs) and MTEF as well as how to monitor and report on them. It also provides a set of instructions and processes on how to better implement directives found in the Plan and Budget Guidelines (PBG).

The need to develop this manual stemmed from recent developments aimed at improving the quality of SPs and MTEF along the following lines:

- Use the same language and terminologies. In undertaking planning and budgeting institutions should use consistent terms and have a common understanding about them. The manual has adopted the MTEF terminologies with slight modifications. It clearly documents the hierarchical planning model to be employed.
- Different levels of plans should be aligned and consistent. In the past, there have been instances where an institution’s budget has drifted from the contents described in its strategic plans. This manual describes a seamless process aimed to ensure the MTEF remains informed by the Strategic Plan.
- Strategic Plans need to be guided by national planning frameworks. For instance, relationships between MKUKUTA, MTPs and Sector Policies and Strategies to Strategic Planning need to be clear.

2 Though these processes have differed somewhat, each is founded upon an articulation of objectives, the selection of indicators (or the setting of targets), the monitoring of performance, and the analysis and reporting of results. Initiatives have been termed “performance budgeting”, “results-based management” and “performance management.”
The manual, together with changes to be implemented in the Strategic Budget Allocation System (SBAS), ensures MKUKUTA acts as a guiding framework that informs, but does not replace institutional-level planning.

There needs to be a balance between planning and implementation. At times, conflicting demands led to institutions spending too much time planning. The manual provides some highlights on how to reduce time spent on planning by eliminating unnecessary duplication.

Budgeting of Personnel Emoluments (PE) should take place concurrently with budgeting for Other Charges (OC) and development. This manual attempts to guide this process.

The documents used to explain the planning process were created in 1999/2000 and have not been formally revised. Since then, changes have been implemented via training materials which in many cases include improvements to the original manuals. There was a need to revise and unify existing forms of documentation.³

1.1.2 DEVELOPMENT OF THE MANUAL

The manual should be taken as work in progress, whose development will continue over time. Based on experiences as it is used, its content, structure and format will undoubtedly change and improve.

1.2 Content and Layout

The manual contains seven chapters including the introduction. The first three chapters describe some of the planning instruments used in Tanzania while the rest focus on how to plan, budget, monitor and report. The manual is laid out as follows:

- **Chapter One**: Introduction.
- **Chapter Two**: provides an overview of planning, budgeting and monitoring processes. It describes and defines the terms to be used as well as their hierarchical relationship. It explains the connection between national planning frameworks and institutional plans.
- **Chapter Three**: introduces National Planning frameworks. These include Vision 2025, MKUKUTA, the Medium Term Plan, Sector Strategies, and cross cutting policies such as “D-by-D.”
- **Chapter Four**: describes how to prepare a Strategic Plan. It addresses the importance of strategic planning, the major steps involved, and some standards for assessing whether plans have been adequately designed.
- **Chapter Five**: articulates the MTEF process, together with its outputs
- **Chapter Six**: Implementation Plans (to be developed).
- **Chapter Seven**: addresses monitoring, evaluation and reporting. It establishes broad reporting requirements and outlines methods for undertaking evaluations.
- **Annexes (A1 to A4).”

³ The main documents used in planning include: “Performance Budgeting Operations Manual” (URT, December 1999), “Restructuring Manual” (PORALG, 2004), and “A Handbook of Strategic Planning for the Public Service—a guide for facilitators (Civil Service Department, 1999). Ideas were also derived from: “Glossary of Key Terms in Evaluation and Results Based Management” (OECD), “Agencies’ Strategic Plans under GPRA: Key Questions to Facilitate Congressional Review” (General Accounting Office, USA), training materials from the Ministry of Finance and IPDET (the International Programme for Development Evaluation Training), “Project Cycle Management Handbook” (ITAD, Ltd), and “A Guide for Project M&E” (IFAD, 2002).
2. Overview of Planning & Budgeting Processes

This chapter describes why institutions should plan, budget, monitor and report. These processes are shown to be linked through an iterative series of steps called the “planning cycle.” Tanzania’s planning model consists of objectives, targets, activities, and inputs. At the institutional level, plans are guided by national or sector initiatives.

2.1 The Purpose of Planning, Budgeting, and Reporting

Tanzania’s planning, budgeting, and reporting processes aim to improve Public Sector performance by:

- **Focusing** institutions on the delivery of results
- Improving internal **decision making**
- Fostering internal and external **accountability**
- Improving the allocation of resources and ensuring their **prioritisation**

Planning matters. It is during the planning process that strategic decisions are made concerning problems to address and means by which service delivery can be improved. This impacts crucially on the day-to-day lives of the average citizen. Given this, there should be a strong focus on consulting with beneficiary groups and ensuring responsiveness to their needs.

2.2 The Planning Cycle and General Process

The planning process in Tanzania contains seven key steps. These include:

- **Situation Analysis**, which is a process of critical thinking and understanding. During this stage, planners aim to identify the main issues and problems that need to be addressed in the future. They try to “put themselves in their client’s shoes” and to better understand the environment in which they operate.

- **Strategic Plans** chart an institution’s broad direction forward. It focuses on the big picture from a longer-term perspective. Because it is prepared collectively, the strategic plan helps clarify priorities and unify staff in the pursuit of shared objectives. Strategic Planning provides an opportunity to address fundamental questions and to undertake bold initiatives and reforms.

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4 These purposes are not listed in any particular order. The emphasis on results involved moving away from a focus on resources or inputs. It should be noted that planning has a strong element of decentralisation. Since management is responsible for results, it has the power to internally allocate resources to priority areas, largely of its own choosing. The plan, and monitoring and evaluation, are management tools.
Ultimately, Strategic Plans serve as communication instruments for both staff and external stakeholders.

**Budgeting** involves a projection of revenue, the costing of Strategic Plans, and a costing of personnel. The budget is made according to a clear set of priorities established both nationally and within the institution. During the preparation process, the budget is scrutinized to ensure costs are within existing resource envelopes. The budget is ultimately approved by Parliament.

**Action Planning:** During this stage, institutions schedule their activities for the up-coming year and prepare subsidiary and detailed documents to translate their broad plans into reality. This may include disbursement schedules (or cash flows), detailed departmental plans, procurement and training plans, and individual performance agreements.

**Implementation.** During this stage financial control and financial monitoring takes place through the Government’s IFMS (Integrated Financial Management System). The IFMS enforces the budget.

**Monitoring and Evaluation:** internally, institutions track their progress in implementing their plans. This may focus on activity completion or on the level and quality of the services they provide. Periodically, they may undertake more detailed evaluations, for example to assess whether their objectives are being fulfilled, and if not, why. Oftentimes this involves undertaking special studies or surveys.

**Reporting:** within this cycle, results are communicated to management so that actions can be taken to adjust direction and improve performance. This may involve an alteration to the plan or a change in strategy. Ideally, progress and performance (assessed through M&E) is communicated or reported to clients, politicians, regulators, and other interested parties, including the general public.

The entire process can expressed as an iterative cycle, including learning, feedback, and adjustment (see Figure 1).
2.3 Levels of Planning, Monitoring and Reporting

Section 2.2 outlined what happens inside an institution. However, institutions do not operate in isolation. As will be described in Chapter Three, they are guided by national and sector strategies and plans, and by policies. These often have their own “planning cycles” including elements of formulation, M&E, and reporting.

Though different levels of plans influence each other, National and Sector instruments should be seen to guide institutional planning, rather than vice versa. However, in the end, it is institutions who implement, and who are held accountable. Permanent Secretaries, Executive Directors and others serve as accounting officers, and are thus responsible for producing results and adhering to processes. This responsibility cannot be passed onto “sectors” or the “nation.” To provide a short overview, institutions are guided by the following instruments:

- **Long Term National Strategies**: the most prominent of these strategies is The Tanzania Development Vision 2025. The Vision articulates the aspirations the nation wants to achieve over a 25 year period. These are general, and include, for example, “Peace and Stability” or “a well educated and learning society”.

- **Medium Term National Strategies and Plans**: consisting, most prominently of the Medium Term Plan and MKUKUTA designed to cover 3 and 5 years respectively to operationalise the Vision.

- **Sector Policies, Plans and Strategies**: these usually cut across several institutions.

- **Overarching Policies**: these cut across sectors like D-by-D.

2.4 The Planning Model, Definitions and Hierarchies

All planning systems are hierarchical. This ensures they describe a logical flow between what institutions do, the services they provide, and the effect of these services on their clients. The hierarchy, together with the definition of the terms used, constitutes the “planning model.” As is the case with all models, a “planning model” represents a simplification of the real world. Models are used to help people organize their thinking. In planning, the model ensures planners address all major question words: who, what, why, when, and how. Being a simplification, models have exceptions.

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8 For example, when the MKUKUTA was developed, it was done so using participants from Ministries, who were also involved in the formulation of their institutional plans. Ideas from these plans undoubtedly influence each other.

9 Each level should contain a unique set of information, without repetition.
2.4.1 The Planning Entities: Definitions
As noted earlier, Tanzania uses various models in undertaking planning which causes overlaps and duplication. As part of the efforts to harmonize and bring coherence to the planning process, the MTEF model will now guide the planning process. The model has four entities in the following hierarchy: (1) objectives, (2) targets, (3) activities, and (4) inputs. Starting from the top, the key entities used in planning are:

1. **Objective**: A broad statement of what is to be achieved. An objective describes an intended outcome or impact and summarizes why a series of actions have been undertaken.
   - Objectives should be considered institutional.
   - Objectives should be lettered A to Z. This lettering does not imply prioritisation as all carry equal importance.

2. **Target**: The goods or services produced over a given period of time, by an institution, in order to achieve its objectives. A target corresponds to an output. In addition:
   - Targets are of three major classifications: services (S), capital investment (D), and capacity building (C).
   - Targets are ordered under their objectives as 01, 02, etc. This reflects a priority ordering where the lower numbered targets are deemed more important than the higher numbered targets.
   - A target should be produced by only one sub-vote in an institution.

3. **Activity**: The actions taken or work performed in order to produce a given target. Activities are what institutions do and describe processes which are largely internal to the institution. They describe how a target is to be produced.
   - Activities are ordered under their targets as 01, 02, etc. This reflects a priority ordering as it did with targets.
   - A single activity is assumed to be completed by a single sub-vote (i.e. multiple sub-votes cannot work together on a single activity)

4. **Input**: Financial, human, and material resources used in carrying out the activity.

Objectives and targets are created during Strategic Planning while activities and inputs are developed during MTEF preparation.

2.4.2 The Results Chain
It is important that management understand the intuition behind a results chain. It is in this context that they can clear-up their thinking, distinguish their objectives from their targets, and better describe their intentions to outsiders. The results chain explains cause and effect. Although it often includes inputs, activities, outputs, outcomes and impacts, its main focus is at the boundary, where an institution

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10 Plans contain other elements that are not tracked in the Government’s IFMS (which implements the budget). These include Mission and Vision statements and Performance Indicators.
interacts with its clients. At the boundary “outcomes” occur. An outcome describes of what happens AFTER a service or intervention has been supplied.

At the boundary there are three main players or entities:

- **The Output** (Final good or service). The target is supplied or delivered to a client.
- **The Client**, who receives the service, output, or target. This can be a person or an institution.
- **The Outcome or effect** is the reaction or response of the recipient. When positive, this response is a benefit, an improvement in welfare, or an improvement in the performance of an institution. Over the longer run, the reaction is called a behavioural change (this can be individual or institutional).

Outcomes and impacts focus on clients, while outputs focus on the institution. Outcomes define an event or condition that is external to the institution but is of direct importance to the intended beneficiaries or to the public at large. They are a consequence. However, the boundary, where these two meet, is unclear because some services can’t exist without clients (for example, a teacher cannot provide a lesson without students or a restaurant cannot provide meals without customers). Because of this, planning always requires a good deal of judgment and common sense.

Though the process is time-consuming, results chains are still the best tools for clearing up the logic of a plan. They are in the form: if A happens then B results; if B happens then C results, and so forth. This link often embeds a series of assumptions concerning behaviour. A few examples will make this more concrete.

First, suppose a road is built. What is supposed to happen? As can be seen in Figure 4 the road should increase volumes of transport and lower transportation costs; ultimately this should result in better producer prices, an incentive to produce more, and an improvement of incomes. These effects explain why the
service was provided in the first place and thus justify an institution’s actions. Roads are built for economic reasons.

2.4.3 **Internal and External Initiatives**

Planning is also about instituting changes to improve service delivery. The efficiency, in which services are delivered, as well as their quality, is often determined by processes internal to an institution. In particular, institutions own and manage assets, which are of value and which are deployed in the production of its services. Internally, an institution’s main assets include:

- The quantity and quality of its **human resources** (or human capital): quality can be improved through recruitment and retrenchment, or through training.
- The **incentives**, motivation and leadership within the institution
- The management **processes** which have been developed (and used or applied)
- The physical capital, equipment, or infrastructure of the institution

Investments in these assets are termed “capacity building” and aim to improve an institutions “potential” or “ability” to act.

2.5 **Associated Tools**

Several tools have been developed to assist users to implement the planning and budgeting processes described in this manual.11 Three important tools include:

- **SBAS** (the Strategic Budget Allocation System) is a computerized database that facilitates the preparation of budget ceilings by the Plan and Budget Guidelines Committee. SBAS has two versions: SBAS Micro and SBAS Macro. SBAS Micro creates a link between an institution’s targets (from their Strategic Plan) and MKUKUTA cluster strategies. SBAS Macro then analyses institutions’ requests and strategically allocates ceilings according to available resources.
- **The MTEF Submission Forms** (for example, Sheets 3 and 6) standardize data submission, so budget figures can be entered into the IFMS, via the Enhanced MTEF model.
- **IFMS** (Integrated Financial Management System) is used to monitor and control expenditures, and to produce accounting and expenditure reports. Details on the IFMS coding system can be found in the Annex, page 69.

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11 As with all tools, they are guided by the business processes, they should not determine them.
This chapter describes the existing National Planning Frameworks. It also describes how these frameworks provide direction and guidance to the public and private sectors on national priorities for socio-economic development.

The current national frameworks are the Tanzania Development Vision 2025, MTP, MKUKUTA, Sector Policies and Strategies, Decentralisation by Devolution, and Plan and Budget Guidelines. These frameworks provide direction and guidance to public and private sectors on national priorities for socio-economic development. Below are some basic information on each one of the main frameworks.

3.1 The Tanzania Development Vision 2025

3.1.1 The Concept and Scope
During 1980’s the government realised that the past development policies and strategies were not adequately responding to changing market and technological condition in the world economy. In response, beginning mid-1986, the Government adopted various socio-economic reforms and during their implementation, it became apparent to the government that those socio-economic reforms were not adequately informed by a national long-term development philosophy and direction. Realisation of this led to the formulation of the Tanzania Development Vision.

The Vision is an articulation of a desirable future condition or situation which Tanzania envisages to attain and the plausible course of action to be taken for its achievement. The Vision was adopted by the Government in 1999 and its implementation started in 2000. The objective of the vision is to awaken, coordinate and direct the people’s efforts, minds and national resources towards those core sectors that will enable us to attain our development goals.

3.1.2 Attributes of the Vision
The Vision envisions that Tanzania will have the following attributes by the year 2025:

- **High quality livelihood**: a nation’s development should be people centred based on sustainable and shared growth and be free from abject poverty;

- **A strong and competitive economy**: this emphasises the need to have an economy which can effectively cope with the challenges of development and which can easily benefit from global economy;
Good governance: this entails to strengthen a culture of accountability, rewarding good performance and effectively curbing corruption and vices in the society;

A well educated and learning population: this envisages a nation whose people are engrained with a developmental mindset and competitive spirit. It is driven by education and knowledge; and

Peace, stability and unity: peace, political stability and national unity and social cohesion are important pillars for realisation of vision. Therefore, they should continue to be cultivated, nurtured and sustained.

In order to attain those aspirations, determination and discipline in planning and implementation is important. MDAs, Regions, LGAs, Private Sector, Non-Governmental Organisations (NGOs), Civil Society, Cooperative Societies, Village and all other social groups should direct their efforts to contribute to the realisation of the Vision 2025.

3.2 Medium Term Plan

In 2000, the Government approved for implementation the MTP as a vehicle to operationalise the Vision’s aspiration. The intention is to phase the Vision’s long-term development aspiration into implementable short and medium term.

3.2.1 Scope and Content

In terms of scope and content:

- MTP provides the framework for the policy options, sector objectives, strategies and targets.
- It provides linkages between sector policies, programmes and strategies.
- It also articulates roles and responsibilities of different sectors (public and private) in achieving the Vision.
- It identifies priority areas to be focussed on by all players including those that are mainly the responsibility of the Government.

3.2.2 Principles

Implementation of MTP is based on the following principles:-

- Empowerment and Enhancing Grassroots Participation: this entails empowering LGAs and communities as well as promoting broad-based grassroots participation in all decision making processes.
- Private sector development: the private sector has a greater role to play in the economy. Thus conducive environment for the private sector to grow more is imperative.
- Social and Gender equity: wealth creation and distribution in the society should be as equitable as possible and free from all forms of social and political discrimination.
- Environment and Sustainability: all development activities must take into account the issues of environment protection and preservation for sustainable development.
Democracy and Good Governance: in order to promote democracy and good governance at all levels government activities should be guided by respect for the rule of law, accountability and transparency.

Capacity Building: capacity at all levels should be enhanced to ensure efficient and effective coordination of development activities between sectors, among regions, between central and LGAs, and within private and public sectors.

Effectiveness and Efficiency: all socio-economic activities should be consistent to agreed national policies and should operate in the context of market forces in order to foster competitiveness in the economy.

Balanced Regional Growth: all plans should address regional developmental imbalances by eliminating the existing discriminatory forces.

Therefore, all sectors and institutions should take into account the MTP framework in preparing their plans.

3.3 MKUKUTA

MKUKUTA is the national framework which accords high priority to poverty reduction in Tanzania’s development agenda. It identifies three cluster outcomes aiming at achieving the Vision 2025 and the Millennium Development Goals (MDGs). The three clusters are: (1) growth and reduction of income poverty (2) improvement of quality of life and social wellbeing and (3) good governance and accountability.

MKUKUTA builds on the Poverty Reduction Strategy Paper (PRS[P]) (2000-2003) which was linked to debt relief under the Highly Indebted Poor Countries (HIPC) initiative. The PRS(P) identified a few priority sectors (education, health, agriculture, water and sanitation, roads, judiciary and HIV/AIDS) through which resources (debt relief) were channelled. Lessons from the implementation of PRS(P) and the recognition of multidimensional nature of poverty informed the approach and focus adopted by MKUKUTA. MKUKUTA adopts an outcome approach and requires all sectors to contribute to the poverty reduction agenda. It also encourages inter-sector collaboration.

The MKUKUTA framework identifies broad outcomes for each cluster under which a set of goals are defined with an associated set of specific operational targets. For each operational target, a number of cluster strategies (interventions/actions) are identified. It is possible to trace interventions by sectors and other actors responsible for the implementation towards a given major cluster or broad outcomes from the cluster strategies.

Logically, cluster strategies inform institutional targets and interventions through the institutional strategic planning process. Therefore, targets should be derived by
institutions (MDAs, Regions and LGAs) during their strategic planning process and then associated with a cluster strategy.

3.4 Sector Policies and Strategies

While Vision 2025, MTP and MKUKUTA provide guiding frameworks on cross-sector and general issues, sector policies and strategies provide guidance on sector specific issues. These sector policies and strategies should be linked to the national frameworks and in a specific and systematic way show how to achieve the national goals and objectives by identifying sector interventions. For instance, some of the sector policies and strategies include:

- National Energy Policy;
- Rural Development Strategy (RDS);
- Agricultural Sector Development Programme (ASDP);
- National Anti-Corruption Policy (NACP);
- National Multi-Sectoral Strategy for HIV/AIDS;
- National Policy on HIV/AIDS;
- National Health Policy (NHP);
- National Water Policy (NWP);
- National Social Security Policy (NSSP);
- Tanzania Trade Policy (TTP);
- Rural Development Policy (RDP).

3.5 Decentralization by Devolution

The decentralisation policy of 1998 spells out government’s objective of devolving powers and responsibilities to autonomous local authorities.

The devolution of powers, authority and responsibilities has four main dimensions:-

- **Political decentralization** – devolution of powers to locally elected councils and committees;
- **Financial decentralisation** – giving discretionary powers to LGAs to levy taxes and pass their own budget based on local priorities but within broad national policies;
- **Administrative decentralisation** – making local authority staff more accountable to the LGAs;
- **Central government – Local governments’ relationships** – central government role becomes more of facilitating (i.e., policy making, regulation, supporting and monitoring to ensure quality of service in line with national policies and standards).

The implication of the above is that while the Centre would expect LGAs to prepare their plans and budgets in accordance with the national frameworks, it should remain conscious of the government commitment to maintain and expand the scope of LGAs autonomy. Within local authorities, a similar decentralisation should align responsibilities between higher and lower levels.
3.6 Plan and Budget Guidelines

The PBGs are instructions or guidance to MDAs, Regions and LGAs on how socio-economic policies as approved by the Cabinet are to be translated into workable plans and programmes and how they are implemented through budget preparation processes. The PBGs are prepared annually by the Budget Guidelines Committee comprised of representatives from central ministries.

The PBGs draws inputs from various processes such as:

- The Public Expenditure Review (PER) process; which monitors the composition of the expenditure allocation and expenditure effectiveness.
- Mid and Annual review of sectors;
- Surveys and census reports and analytical studies;
- TAS/JAS progress reports;
- MKUKUTA Annual Implementation Reports;
- Poverty and Human Development report – Biannual.

The PBGs contain the following information:

- A summary of the macro economic performance in the previous year.
- Policy commitments and strategies.
- The influence the government intends to exert on the credit system and general liquidity, inflation and employment levels.
- Forecasted resources envelope and expenditure framework on recurrent and development budget.
- Expenditure ceilings to guide MDAs, Regions and LGAs by using SBAS Macro Version.
- Instructions and formats to MDAs, Regions and LGAs that should be adhered to during preparation and implementation of their plans and budgets.

On the basis of the PBGs, management of MDAs, Regions and LGAs are required to issue internal guidance on how to prepare their plans and budgets.

3.6.1 KEY MESSAGES

- In the PBGs, the centre translates the economic policies into budget policies, objectives and operational priorities.
- Institutional (MDAs, Regions and LGAs) ceilings have to be adhered to the PBGs’ ceiling since they are dictated by the predicted resources availability.
- The PBGs are issued for the purpose of putting in place the coordination process that must begin at the divisional level.
- The Budget Committee at the Centre provides the technical support required by the Paymaster General for coordination of budgetary activities of the MDAs, Regions and LGAs.
The MDAs, Regions and LGAs guidelines, which are prepared by their respective Budget Committees, help the Accounting Officer in coordinating the institutional budget.
This chapter describes how Public Sector institutions should prepare their Strategic Plans. It establishes why Strategic Planning is important, and describes what a situation analysis, mission and vision statement, objectives, and targets are. This is done in a step-by-step process, where standards of quality are also established.

4.1 What is Strategic Planning

Strategic planning is a process that charts an institution’s broad direction forward. The process helps an institution decide what it wishes to achieve and the main actions it will need to undertake in the future. Strategic Planning is a collective and participatory process, involving senior management, employees, and consultation with a wide range of stakeholders. It looks at the big picture from a longer-term perspective. A strategic plan clarifies institutional priorities and unifies the staff in the pursuit of shared objectives. It also provides an opportunity to address fundamental questions, to focus away from day to day operations, and to take initiatives to improve performance.

4.2 Purpose of Strategic Planning

Strategic planning focuses on the forests, not the trees. It answers the following questions:

- Why does an institution exist?
- What are its objectives?
- What do its clients expect?
- How will it measure its own performance?
- How will it use this information to make improvements?

Strategic Planning forces institutions to think about the future. This is extremely important since many institutions are inward thinking, focusing too much on the short-term. It has been documented that institutions that focus on the long-term through strategic planning outperform those that do not do so.

The main purposes of Strategic Planning are:

- To improve performance
- To create more relevant institutional structures
- To increase levels of institutional, departmental, and individual accountability.
To improve transparency and communication between management, employees and stakeholders.

To establish priorities for efficient and effective resource allocation.

4.2.1 RELATIONSHIP OF THE STRATEGIC PLAN TO MTEF
The Strategic Plan serves as a communication device. As such it explains the reasons why an institution has selected a particular course of action. It provides the context for decisions made and outlines their logic.

On the other hand, the MTEF takes the objectives and targets developed in the SP and prepare activities and budgets.

The link assures resources are allocated according to the Strategic Plan and thus reflects the priority needs derived by the institution and its stakeholders.

4.3 Qualities of a Good Strategic Plan
A good strategic plan is:

- **Challenging.** It aims to motivate the institution to strive to achieve its mission and vision.

- **Change-oriented and creative.** A good strategic plan should involve creativity and innovativeness (“thinking outside the box”). In this regard a few good ideas addressing essential issues is preferable to long and elaborate presentation.

- **Clear and simple to understand.** A Strategic plan should not be overly technical because it functions as a broad means of communication.

- **Analytical.** SPs should be based on a clear assessment of the current situation as well as possible risks\(^\text{12}\) and uncertainty.

- **Prioritized.** Targets contained in the SP should be prioritized.

- **Participatory with Ownership.** The process should be

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\(^{12}\) A good risk analysis helps (1) minimize disruptions to a plan (2) anticipate or develop contingencies.
participatory involving key stakeholders thereby broadening ownership.

- **Flexible.** The Strategic Plan should be changed, updated, or reviewed to reflect changing circumstances.

- **Adhere to the re-defined roles of Government.** In the new environment ministries and regions are expected to focus on policy development, regulatory functions, maintenance of law and order, setting of standards, and capacity building as well as coordination. On the other hand, LGAs and Executive Agencies should focus on implementation.

### 4.4 Periodicity, Updating, and Revision of Strategic Plans

The Strategic Plans should be prepared in a 3-year cycle. **The first (or base) year is very intensive** and should include a comprehensive situation analysis, in-depth planning sessions, and end with the preparation of a detailed document. The second and third years (the “off years”) should include a revision and update of the main plan in order to capture key changes. However, when circumstances change drastically, institutions should revamp their strategic plans, regardless of where they are in this cycle.

#### Figure 9: Frequency of Planning

| Year 1 | Prepare Strategic Plan  
| Prepare MTEF | Submit your Strategic Plan plus MTEF for year 1. The MTEF should refer back and highlight the Strategic Plan, not reproduce it |
| Year 2 | Agree on Relevant Changes  
| Prepare MTEF | Submit your Strategic Plan plus MTEF for year 2. The MTEF should document only the relevant changes vis a vis the Strategic Plan |
| Year 3 | Agree on Relevant Changes  
| Prepare MTEF | Submit your Strategic Plan plus MTEF for year 3. The MTEF should document only the relevant changes vis a vis the Strategic Plan |

### 4.5 Planning and Budgeting at LGA Level

The preparation of the strategic plan at the LGA level involves Villages and Mitaa as corporate bodies within LGA’s structure. These are required by law to make plans and budgets in order to perform the mandated functions in their areas of jurisdiction. Planning at this level is more participatory and involves a wide range of stakeholders and the community. The Opportunities and Obstacles to Development (O & OD) is the main tool used in the process of planning and budgeting at this level. The formulation of strategic plans at Council level use information from the O&OD process.

### 4.6 Planning and Budgeting in Executive Agencies

At Central Government level, some ministries have executive agencies that prepare and submit, to the parent ministry, separate strategic plans and budgets for approval and inclusion in the government budget.
4.7 Main Steps in Preparing a Strategic Plan (Base Year)

The Strategic Planning process consists of seven key steps. The successful completion of each step results in a specific output, to be used in subsequent steps. A roadmap is depicted adjacently (Figure 10).

4.7.1 STEP 1: PREPARATION

Because the SP process is an exercise in change, there is need to carefully plan in advance. Most importantly, individuals to perform leadership and facilitation roles need to be identified and key tasks assigned to them. Also employees should be assigned roles. The major step in the preparatory stage is:

- **STEP 1.1**: Organize a preparatory meeting of management and key resource persons and assign tasks and responsibilities. In particular:
  - Decide the methodology to be used in the process;
  - Decide in some detail who does what;
  - If workshops or consultative meetings are to be held, decide who attends and whether internal or external resource persons will be needed and what the major results should be;
  - Decide which external stakeholders will be invited, and what their roles will be;
  - Prepare a schedule or work-plan and decide on logistics and financing;
  - Disseminate the work plan to all relevant parties.

The process of Strategic Planning should be undertaken in a participatory manner. It also requires clarity on roles and functions of all players. The major roles and functions include:

- **Leader**: the leadership role should be undertaken by the Chief Executive Officer (CEO) i.e., Permanent Secretary, Regional Administrative Secretary (RAS) and Council Director.

- **Participants**: all heads of departments should participate in the Strategic Planning process. Wherever possible higher level institutional leaders (Ministers, Regional Commissioners (RC), District Commissioners (DC) and Council Chairpersons) should participate at the level of developing mission, vision, and objectives.

- **Facilitator**: someone who has an understanding of the subject matter as well as experience in process facilitation.

- **Secretariat**: the results of the SP exercise need to be continuously documented therefore, the Secretariat should include people with good writing skills.
4.8 Step 2: Situation Analysis

4.8.1 Situation Analysis in Base Year
Once logistics have been taken care of, the next step in the process is to assess the current situation. The institution needs to take a hard look at itself – where did it come from? Where is it now? Where is it going and what are its choices? In order to assess the current situation, a good deal of information has to be collected. This may entail the completion of studies and surveys and the preparation of presentations to disseminate and share these results.

A Situation Analysis establishes critical issues, to be used later during the development of Mission, Vision, Objectives, and Targets. As part of the situation analysis, there is need to:

- Understand the perceptions, experiences, or expectations of stakeholders. This may be done through Service Delivery Surveys, focus groups and stakeholder meetings;
- Understand the internal and external environment under which the institution operates; and
- Understand and assess recent institutional performance in terms of service delivery, in order to make improvements.\(^\text{13}\)

4.8.2 Approaches to a Situation Analysis
There are various approaches to undertaking a situation analysis. It is recommended that institutions use a combination of the methods outlined below, and that they select these methods with the goal of developing high quality Mission, Vision, Objectives, and Targets. The approaches selected will depend upon the nature of the institution, its capacity, and its resource availability. Some of these approaches are research oriented and should be completed prior to the start of the planning process. These may have to be contracted out where the institutions may not have capacity to do so. Other methods include brainstorming in a workshop environment and focus groups.

Prior to the holding of the planning meetings, institutions should undertake the following activities:

1. Step 2.1: Review of relevant information
2. Step 2.2: Performance Review
4. Step 2.4: Self Assessments or Benchmarking Exercises

During the planning meetings, institutions should use the following methods:

5. Step 2.5: Stakeholder Analysis
6. Step 2.6: Strengths, Weaknesses, Opportunities and Challenges (SWOC) Analysis
7. Step 2.7: Problem Tree or Logic Model

\(^{13}\) For example, in LGAs, assessments are made of use, access, coverage and satisfaction.
The situation analysis may be undertaken internally with or without the assistance of external consultants.

Key Message: A full analysis is carried out during the base year only, while in off years, the focus is upon important changes encountered during the year.

4.8.3 Review of Relevant Information
Review existing information and identify lessons that are relevant to the development of the SP of the institution. This can help improve its quality and significantly reduce the amount of time and effort required. In reaping these benefits it is important to remember that a literature review should be a pointed exercise designed to generate potential Mission, Vision, Objectives, Strategies and Targets. Don’t “reinvent the wheel.”

The following secondary sources of information might be consulted:

- **Mandates and Statutes**: these may define the function and role of your institution. They should influence mission, vision and objectives. In some cases, the purpose of a legislative instrument may be described; this may be related to institutional objectives.

- **Policies**, especially those related to sectors or institutions. Policies may contain a discussion of problems and objectives. In some cases they may broadly define strategies that are relevant to your institution.

- **National Planning Frameworks and Sector Policies and Strategies** (such as MKUKUTA). As discussed in Chapter Three, these should influence institutional objectives.

- **Past Versions of the Strategic Plan**: brainstorm ways the current Mission, Vision, Objectives and Targets can be improved.

- **International Experiences**: it is often useful to get informed on what other countries are doing on similar issues. For example, what does the Strategic Plan of the Ministry of Health in Malaysia or Kenya say? Here samples from developing as well as developed countries may be useful.

4.8.4 Relationship of the Situation Analysis to Other Steps
The Situation Analysis, unlike other key steps in this process, is not an end in itself. Rather, it serves as a tool to facilitate the development of the Strategic Plan. Its relationship to key planning elements is documented below.

<table>
<thead>
<tr>
<th>Situation Analysis (Element)</th>
<th>Mission</th>
<th>Objectives</th>
<th>Targets</th>
<th>Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Literature Review</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>Research</td>
</tr>
<tr>
<td>Performance Review</td>
<td></td>
<td>X</td>
<td></td>
<td>Research</td>
</tr>
<tr>
<td>Service Delivery Surveys</td>
<td></td>
<td></td>
<td>X</td>
<td>Research</td>
</tr>
<tr>
<td>Self Assessments</td>
<td></td>
<td></td>
<td></td>
<td>Meeting</td>
</tr>
<tr>
<td>Stakeholder Analysis/Focus Groups</td>
<td>X</td>
<td>X</td>
<td></td>
<td>Meeting or Research</td>
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<tr>
<td>SWOC</td>
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<td></td>
<td>X</td>
<td>Meeting</td>
</tr>
<tr>
<td>Problem Tree</td>
<td></td>
<td>X</td>
<td></td>
<td>Meeting</td>
</tr>
</tbody>
</table>

As the final column points out, elements of the situation analysis may be carried out as either “research” or in a consultative meeting environment (involving, for example
senior staff). “Research” activities should be delegated to particular officers, and should be completed prior to the commencement of the planning meetings. These are inputs to the meetings and their results should be briefly summarized, (in a very readable format or as a PowerPoint presentation) so that they can be distributed or presented to participants.

Many of the processes outlined above are subjects for an entire manual (for example, how to do a service delivery survey or how to do a self assessment). Users should consult other sources as need arises. Possible methods to be used in a situation analysis are outlined below.

4.8.5 PERFORMANCE REVIEW
The strategic planning cycle depicted in Chapter II described how M&E results should be fed back into the Strategic Planning process. A wide range of performance reviews may be undertaken during the year. These include internal progress reports, studies and evaluations, as well as sector or Programme reviews, PERs, studies, and evaluations.14 In reviewing performance, the focus should be on:

- What were the main findings?
- What lessons were learned?
- What recommendations were made for improvement?

4.8.6 SERVICE DELIVERY SURVEYS
Surveys are useful for asking people about their perceptions, opinions and ideas.15 In terms of process, they put institutions in touch with their “customers.” However, surveys (questionnaires) are less accurate in measuring behavior because what people say may not reflect what they actually do. A key component of a survey is the sample; ideally, the sample is representative of the population as a whole. Surveys may cover either individuals or groups and may collect either quantitative or qualitative data.

How to survey, and how to carry out a Service Delivery Survey (SDS), is a topic for an entire manual. To provide a quick review, however, Service Delivery Surveys have traditionally been used to gauge information on the access, use, and satisfaction with the provision of services. Strategically, they may be carried out either at the point of service delivery or at household level. There are many possible questions a Service Delivery Survey can ask, but generally, questions are designed to collect information which is not available through administrative data sources.16 The design of Service Delivery Surveys, including their sample frame, is often a technical issue requiring specific expertise. There are two key issues surrounding Service Delivery Surveys:17

- How often should they be done?
- Who should do them?

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14 In some cases this may involve a good deal of research into secondary sources.
15 More information on Service Delivery Surveys can be found in the “restructuring manual (for LGAs).”
16 Both administrative data and Service Delivery Survey results can also be considered part of the Performance Review. SDSs are somewhat different because of their focus on the perceptions of service users.
17 As stated in the first Chapter, one purpose of this manual was to unify planning processes. The institutional overlap evident in planning also exists in relation to M&E and reporting. Since these issues will be addressed in the future, how often service delivery surveys are undertaken, and who undertakes them is not resolved here.
A key issue is whether surveys should be undertaken internally (by the institution) or externally (using consultants). The use of consultants generates more independent results, while the use of internal staff builds capacity, may be cheaper, and leads to more direct communication with clients.

4.8.7 SELF ASSESSMENTS AND BENCHMARKING
Self Assessments investigate internal factors of success. This may be done in a workshop/meeting environment, where the institution assesses itself according to a series of established criteria in order to identify strengths and areas for improvement. There are many different methods for carrying out Self Assessment and each has a different set of established criteria. For example, the Excellence Model uses leadership, people, policy and strategy, processes and others.

The success of Self Assessment depends on an institution’s ability to be critical of itself. Because of the complexity of these processes, it is suggested that Self Assessments not be undertaken during the Strategic Planning process.

4.8.8 STAKEHOLDER ANALYSIS
Like SDS, Stakeholder Analysis attempts to understand perceptions, expectations, and priorities, and to incorporate these into the Strategic plan. The objective is to learn from one’s clients.18 Therefore, Stakeholders’ views should result from interactions with Stakeholders, not as an analysis of what an institution’s employees believe stakeholders want or think. A Stakeholder Analysis proceeds along three key steps:

1. **Identifying Stakeholders**: this is done by the institution, for example, by identifying key service recipients and considering NGOs, the private sector, etc.

2. **Holding the Meeting**. Ideally focus group discussions involve small groups (6-12) and 1 or 2 observers. This, however, may be very time consuming and expensive. Therefore, it is recommended to undertake the Stakeholder Analysis in a 1-day consultative-meeting format. The number of participants from the institution should be kept to a minimum, and should not include more than one person from any department. It is recommended to invite 20-30 stakeholders. Some tips for running such a meeting or workshop are documented in Figure 11.

3. **Document the results**. This can either be in written form (summarizing the main points) or as a simple matrix. In either case, the main views (or responses to questions) from each major type of stakeholder needs to be documented and analyzed.

Based on the introduction to the exercise, the following facilitative questions may be useful:

- What do you expect from us?

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18 It is important to see the process as one of understanding perceptions, not facts. Never debate what stakeholders say—simply listen to them. A focus group is a type of qualitative research in which groups of people are brought together to informally discuss specific topics under the guidance of a moderator. The group process tends to elicit more information than individual interviews because people express different views and engage in a dialogue with each other. The moderator is able to facilitate the dialogue as well as explore their reasons and feelings behind those differences. The conversation is often not linear; participants may bring up information or different perspectives at any time.
4.8.9 **SWOC ANALYSIS**

SWOC is carried out through a brainstorming session involving management and key stakeholders, during the Strategic Planning process. While strengths and weaknesses are internal to the institution, opportunities and challenges are external. The development of SWOC is facilitated by answering a series of leading questions that aim at reaching general agreement and to develop potential targets. Suggested questions for facilitating the process are listed below:

**Strengths**
- What advantages does the institution have?
- What does the institution do well?
- What relevant resources does the institution have access to?
- What do other people perceive as the institution’s strengths?

**Weaknesses**
- What could be improved?
- What does institution do badly?
- What should be avoided?

**Opportunities**
- What are the opportunities available?
- What are the positive trends?

**Challenges**
- What obstacles are faced by the institution?
- What are the competitors doing?

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**Figure 11: Tips for preparing a focus group discussion or workshop**

- The stakeholder group should be diverse. Given this, the moderator needs to guide the process, keep the group focused, and make sure everyone is encouraged to voice their opinions.
- During the invitation process it is important to highlight the purpose of the workshop or meeting and emphasize that discussions should be frank and open.
- The idea is to set the stage to facilitate conversation among participants and to listen to them. Responses should not be manipulated in any way.
- Try to keep the number of observers from your institution to a minimum. Too many observers may inhibit participation and intimidate stakeholders. Observers from the institution should NEVER state opinions or DEBATE what stakeholders say. Points of clarification should be asked in a neutral fashion.
- There should be a note taker and a person responsible for documentation.
- In an introduction, again ensure confidentiality (“what is said in this room stays in this room.”). Promote frankness.
- Few questions are asked. Questions should be as open-ended as possible. Attempt to create a conversational atmosphere.
- The qualitative data gathered during a focus group requires careful analysis. It may be advisable to write up results as a case study or to quote some representative comments.
4.8.10 Problem Trees, Cause–Effect Relationships, Key Issues, and Visioning

Problem analysis identifies the negative aspects of an existing situation and establishes the ‘cause and effect’ relationships between the problems that exist. It is related to the development of Key Issues through visioning, which focuses on the positive aspects. Problem analysis has four main steps as indicated below:

1. Identify the stakeholders affected by the institution and its key services
2. Identify the major problems faced by beneficiaries. Institutions should start with external clients and problems they face. These tend to signal the existence of major problems that are often internal to the institution.
3. Develop a problem tree to establish cause-effects relationship.
4. Derive objectives by inverting the problem tree.

A problem tree is simply the problems set out in a hierarchical order. They should be derived both from a literature review (for example, if a relevant policy outlines the problems) or through brainstorming. Firstly each identified problem is summarized. From these a starter problem is selected, and a second problem related to it, then:

- if the problem is a cause it goes on the level below
- if it is an effect it goes above
- if it is neither a cause nor an effect it goes on the same level

For example, if the focal problem is “poor nutritional status of babies and infants”, a cause might be “poor availability of high protein foods”, while an effect might be “high rates of infection among babies and infants”. To focus on the root cause of the problem, identify the factors that are possibly contributing to it. As the tree develops, the remaining problems are attached to it in the same way.

Once the problem tree is complete, the focus shifts to priority problems. This should be agreed on by consensus. Once complete, the problem tree represents a comprehensive picture of the existing negative situation:
Creating problem trees is not easy, and participants should not aim for a “perfect” fully-comprehensive tree. It is important, however, to ensure adequate problem specification occurs when a problem is specified in insufficient detail so that it does not communicate the true nature of the problem. Statements such as ‘Poor management’ need to be broken down so that we understand what the problem is, and can therefore analyse the underlying causes. For example, the management problems might include poor financial control, late delivery of key services, etc. Getting the level of detail right is a matter of judgment.

While problem analysis presents the negative aspects of an existing situation, analysis of objectives presents the positive aspects of a desired future situation. This involves the reformulation of problems into objectives. The objective tree can, therefore, be conceptualized as the positive mirror image of the problem tree.

There are other methods used to establish cause-effect relationships. Generally speaking while objectives describe desired effects (which is the definition of an outcome), targets aim at
removing causes or drivers of problems. An alternative formulation involves creating Key Issues and “visioning.”\textsuperscript{19} This involves 4 main steps:

1. Identifying a Key Issue. This largely breaks the exercise down into more manageable levels. Key Issues may reflect main functions of an institution, may be related to institutional structure, or may concern key cross cutting issues.

2. Imagine an ideal state of high quality, often by identifying “hot words”

3. Change the statement into an objective format, ensuring that it represents an outcome and ensuring that a stakeholder has been identified. Check that it is potentially measurable.

4. Analyse why (in cause-effect terms) the ideal state is not realized.

This process will result in the development of objectives which tend to be very ambitious, broad, and quite long term.

\textbf{4.8.11 SITUATION ANALYSIS IN OFF YEARS}

This section describes the type of situation analysis which should be done only during off years. It is less intensive. In off years, institutions should:

- Highlight the relevant changes which have taken place since the last situation analysis was carried out. Document how these changes affect the plan.
- Review performance (see Section 4.8.5) and document how this affects the Strategic Plan.

\textbf{4.8.12 ATTRIBUTES OF A GOOD SITUATION ANALYSIS}

The quality of a Strategic Plan is related to the quality of the ideas which underpin it. These ideas are generated within the setting of the Situation Analysis. A good situation analysis:

- Is successful at generating good ideas and identifying fundamental issues
- Is concerned with generating results rather than adhering to process
- Is presented in a clear fashion
- Doesn’t state the obvious

\textbf{4.9 Step 3: Developing Institutional Mission and Vision}

The Mission Statement brings the institution into focus. It explains why the institution exists and tells what it does. It defines the institution’s core business as well as its key clients. The Mission Statement articulates the direction and scope of work of the institution. It serves two main purposes:

- It influences the development of other aspects of the Strategic Plan, in particular the formulation of objectives
- It should lead to a reconsideration of the core functions of the institution; does it

\textbf{Core Values}

Core values are enduring beliefs that an institution—and the people who inhabit it—hold in common and endeavor to put into action. Values should lead individuals to believe that some objectives are legitimate or correct and that others are illegitimate or wrong.

\textbf{Figure 15: What are Core Values?}

\textsuperscript{19} “Visioning,” in this context should not be confused creating a vision statement. Vision statements describe an ideal state of the institution, while “visioning” describes an ideal state or ideal behavior of external clients.
adhere to the re-defined functions of Government (such as policy making or public-private partnerships)

A **Vision Statement** describes where the institution intends to be in the future. It represents a shared sense of direction and incorporates the **core values** of the institution. It describes what the institution believes in.

### 4.9.1 What should a good Mission and Vision Look Like?

A good Mission Statement should:

- Describe what the institution does (current capabilities), who it serves (stakeholders) and what makes the institution unique (justification for existence)
- Be derived from and cover all relevant statutes, in particular Government mandates, instruments and establishing legislation.
- Clearly differentiate the institution from other institutions. An outsider seeing only a mission statement should be able to recognize which institution it applies to.
- Avoids being too narrow so as to allow room for change
- Rely on action words
- Be short and be easily internalized and recalled by staff

A good vision statement should:

- Provide a clear sense of direction
- Be inspirational and capture the imagination of the staff
- Be short and be easily internalized and recalled by staff

### 4.9.2 How to Develop a Mission/Vision (Base Year)

Mission and Vision Statements should be developed in a participatory way either in a workshop, consultative meeting, or a retreat involving management. When developing Mission and Vision Statements, the process below should be followed:

1. **Step 3.1**: From the Situation Analysis, review key mandates and statutory requirements, as discussed in the literature review (Section 4.8.3)
2. **Step 3.2**: Based on this, define, in as few words as possible, your core business
3. **Step 3.3**: Identify the most important stakeholders, and what, in general your institution does to them
4. **Step 3.4**: Using the checklist above expand the core business and stakeholders into a draft mission statement
5. **Step 3.5**: Review the checklist to ensure the draft mission statement is correct, make final adjustments, and get the agreement of participants.
6. **Step 3.6**: Taking into account your core values, national visions, and the checklist above, develop a vision statement and get the agreement of participants.

### 4.9.3 How to Develop a Mission/Vision (Off-Year)

In many cases institutions will already have Mission and Vision Statements. In off-years, Mission and Vision statements should **not** be revised, even if it is realized the
statements can be improved. Revision should only occur during base years as explained above.

4.10 Step 4: Developing Objectives

As outlined in Chapter II, an objective is a broad statement of what is to be achieved. Objectives of an institution should not change drastically over the planning period. This section outlines what constitutes a good objective and the process of generating objectives, in both the base and off-years.

4.10.1 What Should a Good Objective Look like?

Developing good objectives may be very challenging, especially for institutions that do not provide direct services and are instead involved in coordination, governance, and policy making. A good objective has the following attributes:

✔ Describes a broad achievement, which is shared and accepted by key stakeholders. Because an objective is broad, an institution is likely to have 7-10 objectives.

✔ Is outcome or impact oriented, not output-oriented. Outcomes are the effect or the change resulting from the intervention. For example, as a result of the construction of 50 drainage ditches, 100,000 ha of land are now available for farming. As a result of more land being available for farming, farmers are able to produce more crops. Impacts are the longer term consequence of the intervention. For example, the outcome of producing more crops is to increase farmer income. There often is a chain of outcomes, more immediate ones ultimately leading to more distant impacts.

✔ An objective describes an end state.

✔ It should contribute towards meeting the institution’s shared mission.

✔ Is complete: they cover the major functions and operations of the institution.

✔ It may not be expressed in “SMART” format. This depends on how broadly it has been formulated. Though it may not be expressed in SMART format, it may be capable of being measured (for example, through a study). SMART is defined in Figure 16, page 30

✔ Takes into account and is consistent with higher level frameworks, policies, and cross cutting issues.

✔ Identifies, where possible the client who receives the benefit.

✔ Be expressed in simple, clear, non-technical language; and

✔ Covers the key issues identified during the Situation Analysis.

As stated in Chapter II:

✔ It is the content of the objective or target statement, not its format that determines what level it is at. That is, whether something is an objective or target is derived from the definitions, not from the way the statement has been worded. For example, “Average per capita incomes increased from TSh 300,000 a year to TSh 350,000 a year by June 2006” is not a target because it is not a final good or service. It is an objective because it reflects an outcome (benefit) realized by the client.
4.10.2 HOW TO DEVELOP AN OBJECTIVE (BASE YEAR)
In the base year, objectives are developed in a consultative-meeting setting, following the presentation of results from the situation analysis. At this point, institutions should have completed their situation analysis and established their mission and vision statements. The meeting should include management, selected staff, and key stakeholders. Make sure the group is not too large. Developing objectives should be done using the following major steps:

1. **Step 4.1**: Review the results of the situation analysis, together with the mission and vision statements. Brief presentations should be prepared together with relevant handouts.

2. **Step 4.2**: Review the definitions and criteria for a good objective.

3. **Step 4.3**: Using brainstorming techniques develop and agree upon a set of draft objectives. Once this is complete, apply the checklist and definitions listed above to ensure that statements meet technical specifications.

4. **Step 4.4**: Upon reaching agreement, document the objectives developed, and confirm them once again with participants.

4.10.3 HOW TO DEVELOP AN OBJECTIVE (OFF YEAR)
While the Mission statement should remain unchanged during the 3-year Strategic Planning cycle, circumstances may prompt a need to review and improve the objectives. There may be several reasons to review objectives:

- Circumstances changed, and the objectives (or parts of the objectives) are no longer appropriate. This assessment should be made in light of changes in National Planning Frameworks, policies, or instruments.
- The objectives were inadequately defined, incomplete, or unclear.
- The objectives inadequately reflected the needs of stakeholders. For example, stakeholders may have been dissatisfied with the original objectives.
- The scope of the objectives was inadequate. For example, objective were overly ambitious given realized resources.

When changes are appropriate, the management should authorize them and the institution should pursue an abbreviated situation analysis.

4.11 Step 5: Developing Targets
As defined in Chapter II, a target is the **final goods or services produced** over a given period of time, by an institution, in order to achieve its objectives. This section outlines what constitutes a good target, the process of generating them (in both the base and off years), and the method of prioritizing them.

4.11.1 WHAT SHOULD A GOOD TARGET LOOK LIKE?
Developing good targets may be very challenging, especially for institutions that do not provide direct services and are instead involved in coordination, governance, and policy making.

Some characteristics of good targets are:
Targets are deliverables supplied to clients. They are under the control of the institution through relevant departments. When targets are services, they may depend on the participation of a client.

The definition of a target is applied from the perspective of the institution, not from the perspective of society or other outsiders. For example, drafting a policy on decentralisation is clearly not a “final product” from the standpoint of a citizen, though it is probably a “final product” from the perspective of the institution creating it.

Targets should be presented in “SMART” format; since they are final goods and services, this may take several forms:

- **Levels of Service Delivered**: “X kilometres of road maintained by 30-June-2006” or “New Personnel Records Management Systems installed in X MDAs by 30-June-2006.” This formulation focuses on what is delivered.
- **Clients Served**: “X farmers contacted (visited) by Extension Officers by 30-June-2006” or “X people trained in Leadership by 30-June-2006.”
- **Time Frame for Service Delivery**: “90% of all Value Added Tax (VAT) refunds made within 2 months” or “All cases resolved within 2 years.” This is a target as long as it describes an internal process within the institution.
- **Deadline or milestone**: “Decentralisation Policy drafted by 30-Jun-06.”

In some cases it may be appropriate to identify baseline levels in the statement of a SMART target. SMART was defined in Figure 16.

Table 2: Number of Boreholes Constructed

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Target</th>
<th>Actual</th>
<th>% Achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>A (Challenging Targets)</td>
<td>90</td>
<td>80</td>
<td>89%</td>
</tr>
<tr>
<td>B (Easy Targets)</td>
<td>50</td>
<td>50</td>
<td>100%</td>
</tr>
</tbody>
</table>

In the example, provided in Table 2, performance in meeting the challenging target (case A) is actually better than performance in meeting the easy targets (case B).

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20 TECHNICAL NOTE: use, access, and satisfaction are generally considered “immediate” outcomes, not outputs (or services). However, since they are so “close” to the boundary of the institution providing the service, and since a service recipient may be required to provide the service, they are, depending on the context, legitimate targets.

21 For PO-RALG, the statement “All LGAs do X within Y,” is likely to be an objective rather than a target because it involves the behaviour of PO-RALG’s clients.
Targets should fully cover the services provided, including policy making, and regulation.

There should not be more than 5 targets in one objective under a single sub-vote.

Targets should not be shared across sub-votes. For accountability purposes, a single target should be produced by a single sub-vote.

In identifying targets it is important to stick to the definition above, not the common usage of the word “target.” Figure 17 provides some examples which differentiate targets from objectives.

### 4.11.2 TARGET TYPES

There are three main types of targets. These are:

- **C (Capacity Building)**: activities related to developing the capabilities of the institution to deliver services.
- **S (Service Delivery)**: the provision of a service to the public or to other institutions
- **D (Capital Investment)**: the acquiring of capital assets, either through purchase or construction. These are usually grouped into projects.

These classifications can be understood through a simple matrix depending on whether (1) the recipient of the target or activity was internal or external to the institution and (2) whether the expenditure was an investment or was “consumed” during the period in question. This makes it clear that targets which are regulatory in nature (such as the collection of revenues, the carrying out of inspections or the creation of policies) should be considered “service delivery.” A few examples are:

- If Ministry X trains Ministry Y it is Service Delivery (S), since the recipient was external;
- If Ministry X trains itself, it is Capacity Building (C);
- If the Ministry of Health constructs a new office for Mbeya Referral Hospital, it is a Capital Investment (D);
If the Ministry of Finance supplies computers to Kigoma Sub-Treasury, it is Capacity Building (C); and

On a routine basis the Administration and Personnel Department, organizes Ministerial Tender Board meetings. These are internal services provided to the institution thus are considered to be Service Delivery (S).

However, just because something involves capacity building (or capital investment) does not make it a target; targets are determined by the final nature of the intervention. Some tips or suggestions for creating targets can be found in Annex 3.

4.11.3 STRATEGIES

Strategies are broad statements about how something is to be done. In this context, they describe how the institution will achieve its objectives; they link Objectives to Targets. Each objective will have its own set of unique strategies which describe the broad approach to effect change. Strategies may be of two general categories: some are contained in the MKUKUTA (and are called cluster strategies) while others are derived independently by the institution. A single strategy may result in the derivation of several targets. In the adjacent diagram, cluster strategies are shown to influence the development of Targets. In the adjacent diagram targets B02 and B03 (in Vote 1) and target A01 (in Vote 2) have direct link to a single MKUKUTA Cluster Strategy. Other targets (for example, Target B01) are derived internally, from a strategy specific to the institution. Targets which have direct link to MKUKUTA Cluster Strategies are called “core MKUKUTA” targets.

4.11.4 HOW TO DEVELOP TARGETS (BASE YEAR)

In the base year, targets are developed in a consultative manner, by reviewing objectives, considering relevant findings from the situation analysis and defining a series of strategies. As mentioned above, strategies may be derived from MKUKUTA or may be specific to the institution.

A consultative process should consist of three main rounds of development:

- First, preliminary targets should be developed during a session of group work, where groups are based upon departments (LGs), divisions (MDAs) or clusters (Regions).
- Second, results of the group work should be reviewed at institutional level to assure its quality, clarity, relevance, and coherence as well as address issues of coordination and overlap.
- Based on the agreed positions the results are revised and fine tuned by the groups and resubmitted.
Within the groups discussions will focus on the following:

1. **Step 5.1:** Review the definitions and criteria for a good target.
2. **Step 5.2:** Identify which objectives seem to be related to the divisional or departmental roles and key functions.
3. **Step 5.3:** Brainstorm on the key services or outputs that are necessary to meet the objectives and draw up a checklist. These can be broadly stated and it is not necessary at this point to be SMART or prioritized. There may be several methods for doing this:
   i. Return to the checklist and ensure it is a final product or service and you can identify a client or recipient (a target).
   ii. Do a logic model (see section ……..) to ensure you have not confused targets and objectives.
4. **Step 5.4:** In undertaking the above remember to take into account MKUKUTA Cluster Strategies.
5. **Step 5.5:** When finished, the results should be discussed at institutional level. The adjacent format is suggested for each proposed target:

6. **Step 5.6:** The institutional level reviews should make critical comments to improve the quality of the targets.
7. **Step 5.7:** Following this scrutiny the group should revise the targets and ensure they are SMART.
8. **Step 5.8:** Assign a target type (C, D, or S). Each group should be sure to re-apply the checklist and definitions listed above to ensure the target meets technical specifications.
9. **Step 5.9:** Targets should be clearly differentiated based on the mandated functions of the sub-vote. Targets should be coordinated and cases where more than one sub-vote appears to be working toward a related target should be identified and resolved. Finally, at this point targets should be prioritized. The method for doing this is documented in Section 4.11.6.
10. **Step 5.10:** Following agreements on the targets, consider the implications for staffing levels and organisation structure. This may include exploring possibilities of hiving-off responsibilities to executive agencies, outsourcing and contracting out, as well as using public-private partnership arrangements.

![Figure 20: Presenting Targets](image)
4.11.5 **HOW TO DEVELOP TARGETS (OFF YEARS)**
As indicated in developing objectives during off years, the same procedures will be followed in reviewing and revising targets.

4.11.6 **PRIORITIZING TARGETS**
Prioritisation is intended to identify targets that can be scaled down in order to fit in within available resources. This could be carried out by ranking targets where the first target is the most important. Targets are only prioritised within an objective and within a sub-vote. The following stages can be used to identify priorities:

1. **Step 5.11:** Establish criteria for ranking. This could be done using the following checklist:
   - Consider the most direct way of achieving objectives
   - Consider the most effective means of achieving objectives
   - Consider the time required to achieve objectives
   - Consider on-going services
   - Consider those that respond to the key stakeholders.

2. **Step 5.12:** Rank the targets using the checklist above.
3. **Step 5.13:** Agree on targets to be dropped or postponed if necessary.
4. **Step 5.14:** Assess the possible impact of dropping or postponing a target.
5. **Step 5.15:** Review and establish the final targets in priority order.

4.12 **Step 6: Developing Performance Indicators**
At the planning stage, caution needs to be taken to ensure that the Strategic Plan can be effectively monitored and reported upon. The two most essential reports to be produced are a 3-year “outcome report,” which assesses the degree to which objectives are being met, and a series of annual performance reports, which focus on whether targets are being achieved. To plan for the preparation of these reports, an M&E strategy needs to be developed. Chapter 7 provides guidance on establishing indicators, undertaking evaluations, and the types of reports which should be prepared. At this stage, the following steps should be undertaken (see Figure 21 for a broader overview):

1. **Step 6.1:** Where possible, develop a list of key indicators to track objectives. In many cases, objectives may not be easily monitored through routine data. In selecting indicators the following should be undertaken:
i. Baseline values should be established. Baseline values are the most recent historical value of the indicator. More generally, the trend of the indicator should be documented.

ii. Routines for collecting the indicator should be established. This should describe how the indicator will be collected, who is responsible, and when information will be provided. For the purposes of monitoring the Strategic Plan, indicators should be collected on a quarterly basis.\(^{22}\)

iii. Target values should be established for each quarter of the current financial year

2. Step 6.2: Many objectives may be difficult to assess without undertaking a detailed study or survey. Ensure that each objective can be monitored or measured. In cases where indicators are difficult to design (and the objective is general) identify a study to be undertaken. This will involve outlining general methods to be used, their time frame, and their rough costs. This should be incorporated into the MTEF during the activity planning stage.

3. Step 6.3: From the available list of targets, select some as priorities for monitoring purposes. These should provide a broad overview of the performance of the institution.\(^ {23}\) Since targets are SMART, they can serve as indicators. Ensure that they have baseline values, are collected quarterly, and have annual target values (as above).

4. At this point, a draft Strategic Plan can be prepared. The suggested format for a Strategic Plan is documented below, in Section 4.13.

4.13 Step 7: Strategic Plan Documentation

The Strategic Plan should be written-up by the Secretariat formed during the preparatory stage (see Section 4.7.1). Before proceeding, review, some of the qualities of a good strategic plan, which apply to its documentation (see Section 4.3). It is important, to remember that the plan has two main audiences, all staff and external stakeholders.

4.13.1 Layout of the Strategic Plan

It should follow the format below:

- Preface: Statement of Minister/Regional Commissioner/Council Chairperson.
- Executive Summary: this should be done on behalf of the PS/RAS/Executive Director. It should discuss the mission, vision and objectives and outline the broad strategies to be undertaken and focus of the plan.
- Chapter 1: Introduction. This should include a short description of the approach adopted, purpose of the plan, and background on the institution preparing it. It should describe the layout and structure of the document.

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\(^{22}\) There may be other reasons to collect indicators more frequently. For example, disease incidences are monitored to prevent outbreaks. These reasons are not related to the monitoring of progress on an SP.

\(^{23}\) That is, "key performance" indicators are a set of indicators which describe performance in general....
Chapter 2: Situation Analysis. This chapter should be broken down into parts according to which methods were used in the situation analysis (i.e. performance review, SWOC, etc). For each method clearly document (1) the main results and (2) how these results were used in the plan. It is important to limit this chapter to “big issues” and thus to avoid long detailed matrices of findings. Special attention should be paid to describe what stakeholders said, and how the plan will accommodate their expectations. The last section of this chapter should summarize critical issues arising from all aspects of the Situation Analysis.

Chapter 3: Mission, Vision, and Objectives. These should be described together with any additional information to help the reader.

Chapter 4: Strategies, and Targets. The purpose of this chapter is to explain to readers the logic behind the development of targets. This is best done on a sub-vote basis, with each sub-vote forming a sub-section (see Figure 22, for an example). The content of each section is related to the presentations done to the plenary sessions (see section 4.11.4).

Chapter 5: Performance Indicators. This chapter should outline the general strategy for M&E and describe how and when the Strategic Plan will be monitored.

Annex 1: Organisational Chart

Annex 2: Summary of the Core Elements of the Strategic Plan (see page 71)

Annex 3: Key Indicators (see page 72)

A draft should be prepared and then circulated internally for comments. Once a draft final version has been produced, it should be widely circulated to key stakeholders, for their comment. This may, or may not be done in a workshop or consultative-meeting format. When a final version is produced, it should be posted on the institution’s web site (if it has one).

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24 Do not describe the methodology used.
This chapter explains the MTEF Model. It describes how activities are developed and budgeted, based upon the objectives and targets developed during the Strategic Planning process. In addition, it outlines the legislative basis for budgeting as well as procedures for estimating revenues and deriving PE costs. It describes the resource allocation process, implemented through SBAS and the format for budget submission.

5.1 Background
The Medium Term Expenditure Framework (MTEF) is a prioritised three-year integrated performance budget to implement the Strategic Plan. MTEF starts with the review of performance of the previous year and the current mid-year budget. It takes cognisance of available resources both local and foreign and establishes the cost of implementing activities which will produce targets and meet objectives.

MTEF is intended to carry forward earlier planning and budget reforms including the Rolling Plan and Forward Budget (RPFB) and Performance Budgeting (PB). RPFB was aimed at introducing some forward planning and predictability in resource allocation by moving away from budgeting on a one year basis to three years.

PB was introduced in the government system on a pilot basis in 1998/99 and on a full scale basis from 2000/2001. PB re-oriented incremental input budgeting to an output (target) basis. It was initiated as a logical extension of the Organisation and Efficiency Reviews (O and E) within the framework of the Civil Service Reform Programme (CSRP), currently known as the Public Service Reform Programme (PSRP). The PB framework was made up of vision, mission statements, objectives, policies and strategies, targets, activities and inputs.

5.2 Purpose of MTEF
MTEF is a resource management tool which aims at:

- Improving the predictability of budgets by enhancing domestic resource mobilisation, extending the integration of donor finance into the budget frame, ensuring consistency and compliance to agreed allocations which are based on priorities.
- Enhancing budget sustainability by ensuring that the costs of implementing activities to attain set targets are affordable within the current and future resource envelopes.
Ensuring increased shift of donor finance towards general budget support to enhance flexibility of allocation across investment and other expenditures.

Strengthening an output oriented budget that focuses on service delivery improvements.

5.3 Legal Basis for Preparation of MTEF Budgets

The legal base is the body of laws, regulations and administrative procedures that govern the budget system giving formal powers and responsibilities to various actors. They also provide an accountability framework as well as timing in the budgeting process. The legal base of the budget is as outlined below:

- **The Constitution of Tanzania:** Chapter Seven of the Constitution of the United Republic of Tanzania contains the provisions regarding the finances of the United Republic. It stipulates the need to prepare estimates of revenue and expenditure of the Government on a yearly basis and submit to Parliament.

- **The Public Finance Act 2001:** provides a legal framework of the budget regarding revenue, expenditure control and accountability. The Act has repealed the former Exchequer and Audit Ordinance of 1961.

- **The Public Procurement Act No.21 of 2004 (which repealed the Public Procurement Act 2001):** which stipulates rules, regulations and procedures governing the public procurement process.

- **Annual Finance Act:** grants powers to the Minister for Finance to raise money by imposing taxes to finance the Budget.

- **Annual Appropriation Act:** gives authority to the Government to appropriate funds from the Exchequer Account for government expenditures. It provides powers to the Minister for Finance to draw money from the Consolidated Fund and allocate it to various votes. It also provides powers for reallocation of funds between votes.

- **Local Government Finance Act No.9 of 1982 (As amended by Miscellaneous Act No. 6 of 1999):** stipulates the requirements and procedures to be followed by Local Government Authorities in preparing annual estimates of revenues and expenditures.

- **Government Circulars:** From time to time circulars are issued by the Government outlining regulations and procedures to be followed on budget and financial matters.

5.4 Key Features of MTEF

MTEF is characterised by a number of features as outlined below:

- It operationalises the strategic plans of MDAs, Regions and LGAs;

- MDAs, Regions and LGAs prepare their budgets within known resource ceilings in a three year timeframe;

- The activities are phased out in three year time frame instead of attempting to implement all activities in one year;

- Performance budgeting is embedded in the budget preparation, implementation, monitoring and evaluation. In this regard, MTEF facilitates
moving from the shopping list approach (input based budgeting) to output based budgeting;

- Emphasis is placed on the need for MDAs, Regions and LGAs to prioritise between competing demands and on service delivery to key stakeholders; and

- Managers at all levels are required to be involved throughout the budget process to ensure ownership.

### 5.5 Steps in the MTEF Process:

Using the process described in Chapter 4, all MDAs, Regions and LGAs will have developed strategic plans that contain among other things:

- Situation Analysis;
- Institutional vision and mission statements;
- Institutional objectives linked to national planning frameworks as necessary;
- Prioritised targets that cover revenue and expenditure aspects and linked to MKUKUTA cluster strategies as necessary.

To develop the MTEF, institutions will use the targets from their strategic plans to:

1. Identify the activities to be carried out under each target;
2. Establish and cost the inputs required for implementing activities, which will ultimately result in three-year budget estimates;
3. Prioritize the activities and identify those which could be scaled down, dropped or postponed in order to fit in the plan within the available resources;
4. Prepare the institutional MTEF document for submission to the Ministry of Finance and other key stakeholders.

The remainder of this chapter discusses the budget frame and details of activity formulation and costing.

### 5.6 The Budget Frame

The Budget Frame is comprised of total resources and total expenditures. Brief explanations of the two follows:

#### 5.6.1 Revenues

Revenues as an element of budget frame consist of domestic and foreign funds. Domestic revenues are made up of tax and non tax revenues. Tax revenues are primarily collected by the Tanzania Revenue Authority (TRA). The main categories are income taxes, excise duty on domestic sales and on imports, Value Added Tax (VAT) and miscellaneous taxes. Non-tax revenues are collected by MDAs, Regions and LGAs and include dividends, royalties, user fees and charges.

Foreign funds are comprised of loans and grants provided through budget support, basket arrangement, and project support. They also include grants provided through the Highly Indebted Poor Countries (HIPC) relief initiatives.

Forecasting of tax revenues is carried out by MoF in collaboration with TRA while non-tax revenues forecasts are undertaken by relevant MDAs and Regions. LGAs are required to forecast revenue accruing from their own sources. However,
projections from LGAs own sources are not included in the Central Government budget frame.

The exercise of forecasting is based on the underlying Macroeconomic assumptions covering the following variables for the three year period:

- Nominal and Real GDP growth rate
- Targeted inflation rate
- Depreciation rate
- Level of average exchange rate for the three year
- Import growth rate

Other important information used in forecasting includes:

- TRA’s recent revenue collection by major tax category
- Information on parastatal dividends from Treasury Registrar’s office.
- Information on expected non-tax revenue collections by Ministries and Regions

While a large proportion of domestic revenues come from taxes, the non-tax category forms a small but significant part of the overall resource envelope. Therefore, institutions are required to prepare non-tax revenue estimates covering areas under their mandate. The estimates have to be submitted to the MoF in time using prescribed forms in the Plan and Budget Guidelines for consolidation, inputting to IFMS and production of Revenue Estimates Book.

5.6.2 EXPENDITURES
The expenditure framework consists of recurrent and development expenditures. The recurrent expenditure is made up of Consolidated Fund Services (CFS) which is broken down into domestic and foreign interest payments, amortisation of foreign and domestic debts and other expenditures; Personnel Emoluments (PE) and Other Charges (OC). Development expenditures are outlays on programmes and projects. They may be financed using domestic or foreign funding.

Resources are allocated to all relevant institutions based on budget frame and requests. These requests are essentially the aggregation of activities into targets through SBAS Micro version submitted by respective institutions.

5.7 Formulation of Activities
Activities are defined as actions performed by an MDA, Region or LGA to achieve a set target. Activities utilize resources to produce goods and services. Under each activity there are a number of inputs that need to be determined and the costs established.

5.7.1 THE PROCESS
The process of formulation and development of activities within MDAs, Regions and LGAs should be guided by department heads and technical work should be carried out by budget officers. This work should take place before the Plan and Budget Guidelines are issued.
Steps involved in developing activities are:

1. Establish a list of interventions to be systematically carried out for each identified target.
2. Review and merge where necessary common interventions in a logical sequence.
3. Eliminate all interventions of a transaction nature that need no funding.
4. Produce a checklist of revised interventions for each target.
5. Where possible establish alternative actions for achieving each target.
6. Choose the most appropriate actions from the checklist and alternatives.
7. Cost the activities as explained in paragraph 5.8.

5.7.2 Inputting Data In The SBAS Micro Version

SBAS is a software tool to facilitate resource allocation including budget ceilings by the Plan and Budget Guidelines Committee. SBAS has two versions namely SBAS Micro and SBAS Macro.

SBAS Micro is a tool for inputting budget requests by MDAs, Regions and LGAs. In financial year 2005/06 requests were inputted at the level of targets. However, from 2006/07 requests will be inputted at activity level.

In inputting budget data into the SBAS Micro, Institutions should observe the following:

- Preliminary work on review of strategic plans up to the level of decisions on targets will have been undertaken based on the instructions contained in Chapter 4.
- Activities for accomplishing the targets will have been developed, prioritised and costed. In case of resource constraint, the least prioritised should be scaled down or dropped.
- Instructions on operating the software will need to be observed by the officers entering the data.
- Entering into the SBAS Micro the objectives, targets, activities and their respective estimated costs.
- Requests on other charges and local development funds will have to be realistic in view of the capacity to implement the programmes and activities.
- Requests on foreign funds will be based on grant and loan commitments by development partners in place.
- Requests from the SBAS Micro are to be imported to the MOF at target level with textual explanations as shown below to support the costing:
  - Major policy commitments and the rationale for respective financing requests.
  - Notable shifts or trends in policy with expected expenditure implications.
  - Summary of critical issues identified in Public Expenditure Review (PER) cluster or sector studies or in any other studies with budget implications.
5.7.3 **PROCESSING BUDGET REQUESTS USING SBAS MACRO VERSION**

SBAS Macro version, as a tool, is used to perform data analysis on requests and to strategically set ceilings according to available resources. Resource allocations or ceilings are contained in the Plan and Budget Guidelines issued annually in December. Requests at target level should be submitted to the Plan and Budget Guidelines Committee for consolidation, analysis and resource allocation using SBAS Macro version.

5.7.4 **INPUTTING DATA IN IFMS**

The Enhanced MTEF Model is an improved version of the MTEF computerised system enabling MDAs, Regions and LGAs to plan, upload and define targets and activities. An offline utility is also included for use outside work stations and MTEF budgets submitted electronically to MOF.

The MTEF model is a tool designed to input performance based MTEF budgets into the Integrated Financial Management System (IFMS). IFMS has facilities for production of performance reports used for budget monitoring and control.

**The Process**

The preparation of MTEF budgets is based on the budget ceilings given in the Plan and Budget Guidelines. The institutional budget committee chaired by the Accounting Officer will guide the process of budget preparation.

In undertaking the inputting of budget data into the Enhanced MTEF Model, institutions will follow the process below:

- Review the proposed institutional requests against the ceilings provided in the PBG.
- Through offline or online facilities in the MTEF Model, Institutions will review the agreed activities which were developed through SBAS Micro, and update the costs based on the given ceilings.
- Detailed costing of activities will be carried out by relevant officers as explained in paragraph 5.8 below.
- Instructions on operating the Enhanced MTEF software will need to be observed by the officers entering the dat

5.8 **Steps for Detailed Costing of Activities**

Detailed costing of activities by institutions is carried out systematically using the Enhanced MTEF Model. Several steps are involved as indicted below.

- Identify Inputs for each activity: An activity is assigned resources based on the number of inputs required. Most activities are expected to have two or more inputs. Institutions are required to ensure that only those inputs that are relevant to an activity are considered. Inputs need to be identified for both recurrent and development activities.
- Re-group the inputs and select the most appropriate sub-items in the GFS Item List. This is intended to minimize the number of inputs per activity.

For example:
Reams, Pens, Ink etc. are to be inputted as Stationary supplies,

Input resources like building materials for school, truck hiring, acquisition of doors & windows etc are considered simply as Construction of School,

Pins, ribbons, staple pins, etc to be included in the Sundry expenses;

Computer toner cartridges, cables, diskettes etc are referred to as Computer Accessories

Cost each input as follows:

- Establish the unit of measurement to be used as a base for costing the input. For example: to cost for Per Diem use Days; Extra Duty Allowance use Days or Man-days; Stationeries use Reams or Set; and Diesel use Litres. Unit of measurement for Food and Refreshment is Days or Meetings; Leave Travel is Staff; and Telephone Charges will either be Months or Calls. The number should not be used as a unit of measurement and consistency of unit of measurement is highly required.

- Identify the unit cost of each input. This is a cost attached to each unit of measurement. For example: Per Diem – How much is paid per day. In some cases use average costs and there is no need of putting Per Diem for each level of staff. Institutions are required to use current prices prevailing in their areas. In this regard, price list of inputs should be prepared well in advance.

- Carefully determine the number of units for each input for three years. In case of Per Diem the question to be asked is ‘how many days the Staff will be out of the Workstation’. The number of units should be realistic and for some inputs use estimate figure as appropriate as in the case of contingency.

5.9 Coding and Data Entry

The Enhanced MTEF Model has a facility that enables the institution to simultaneously cost and code the activities. Coding MTEF performance based budgets is provided in the Chart of Accounts as Segment 2. Segment 4 is assigned to the coding of inputs. Chart of Accounts is an express picture of a sophisticated computer system called Integrated Financial Management System (IFMS). Below is a layout of the Chart of Accounts (which is reproduced in Annex 1).

### Table 3: Layout of the Chart of Accounts

<table>
<thead>
<tr>
<th>Segment 1</th>
<th>Segment 2</th>
<th>Segment 3</th>
<th>Segment 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vote</td>
<td>Program</td>
<td>Sub-Program</td>
<td>Cost Centre</td>
</tr>
<tr>
<td>XX</td>
<td>XX</td>
<td>XX</td>
<td>XXXXXXX</td>
</tr>
</tbody>
</table>

Segment 1 is made up of vote, program and sub-program which together form the Sub-vote and cost centre. Segment 2 provides for performance budgeting codes utilising six digits as shown below. This takes into account the structure of the budget classification, which calls for each institution to define the objectives, targets, target type and activity as part of the Performance Related Budget (PRB).
X - One digit for Objective (Alphabet – (A-Z));
XX - Two digits for Target (Numerical i.e. 01-99);
X - One digit for Target Type (Alphabet);
XX - Two digits for Activity (Numerical i.e. 01-99).

The target types are expressed as Service Delivery (S), Capacity Building (C), and Capital Investment (D), detailed explanations are in chapter 4.

In coding the inputs the following should be considered:

- Use the most recent Government Finance Statistics (GFS) Items List prepared by MOF to select an appropriate activity input codes which are essentially GFS sub-items. In case the inputs are not yet listed, the institutions are required to inform the MOF for inclusion in the Items List.
- Determine the nature of expenditure or related economic cluster when selecting GFS sub-item codes. This is to avoid misclassification as some sub-items are found in various economic clusters particularly those related to maintenance.

5.10 Filling in the Activity Costing Forms

There are two main activity costing Forms that need to be filled by an institution. These are Form No. 3(a) for recurrent and Form No. 6 for development expenditures. These Forms are annexed in this manual and are also incorporated in the Plan and Budget Guidelines.

5.10.1 RECURRENT BUDGET

Activity costing sheet for recurrent budget appears in the MTEF document as Form No.3 (a). The Form has 11 columns.

- Column one is referred to as Segment 2, which provides for coding of objectives, targets, target types and activities. The coding of this column is to be properly and accurately made by budget officers.
- The second column is Segment 4. This column serves as a place for coding of inputs, which are essentially the GFS Sub-items.
- The third column is the description of activity inputs. Accuracy in picking the GFS sub items and writing proper descriptions is required.
- Other columns are about measurement units, unit costs of inputs and budgets for the three financial years. The budget columns are divided into number of units and budget estimate figures. The budget figures for recurrent expenditures are derived from a formula embedded in the activity costing Form No.3 (a). The amount budgeted for each input is calculated by multiplying unit cost and number of units (quantity). Thus, total amount for each activity is derived as a sum of all budgeted costs for the respective inputs. Changes of figures once entered, will also be effected using the formula explained above.

Form No. (3a) is to be properly filled in to indicate:

- Name of Sub-vote, Objective, target and target type;
- Total cost for each activity, target as well as objective.
5.10.2 Development Budget
Form No.6 for costing the development budget is currently having sixteen columns.

- The heading lists: objectives, targets and projects. Projects should be synonymous with Programmes.
- Column 1 is for segment 2 (performance budget codes) and column 2 records activities under each target.
- Columns 3 and 4 are for coding the inputs and their descriptions respectively. MDAs, Regions and LGAs are required to use appropriate GFS items, sub-items and descriptions.
- Column 5 indicates the local while column 6 shows the foreign funding for each input. Source of foreign funding appears in column 7 as Loan or Grant (L/G) and the category of funding whether cash (C) or direct to project disbursement (D) is shown in column 8. Column 9 is for indicating the names of donors and column 10 is the total Government funds for the first year of the MTEF budget. Factual information on the source and category of funding is to be obtained prior to filling in the Forms.
- The remaining columns 11-16 are for recording the local, foreign and total budgets for the two outer years. Projections for two years are to be based on policy and donor commitments.

5.11 Personnel Emoluments (PE) Estimates
PE budgeting is an annual event through which employers carry out assessment, determination and approval of HR requirements. Its ultimate objective is to determine the number of employees required to enable organisations to implement their strategic plans and their financial implications. PE budgeting is carried out by every public organisation in accordance with Section 8 of the Public Service Act No. 8 of 2002.

5.11.1 Rationale for PE Budgeting
The rationale for undertaking PE Budgeting is as follows:

- Ensure optimum utilisation of resources as PE is the largest single expenditure component in the Government Budget. Effective utilisation of allocated resources will have an impact on the implementation of MKUKUTA.
- The criticality of HR in the implementation of institutional plans.
- The need to blend human resources, strategies and skills for smooth implementation of agreed activities.

Factors influencing establishment and PE Budget are:

- Organisation’s Strategic Plans as translated into objectives and targets for each position holder.
- Workload for each post and skill mix requirements based on Strategic options chosen
- Availability of resources or budget ceilings for PE.
Employees’ advancement through training geared to enhance civil servants’ skills and competencies to levels required to manage and perform their roles based on performance standards.

Need to involve the private sector in the public service delivery of services.

Changes in scheme of service due to job evaluation and analysis, and changing role of public institutions.

Policies and guidelines such as the implementation of medium term pay policy and MKUKUTA.

Incentives and benefits for better performance.

Technological changes especially in the areas of ICT with its impact on skill requirements, training and productivity.

Need to right size the public service to affordable levels necessary to perform government functions.

Availability of employees within the organisation and in the labour market with required skills and qualifications to undertake organisation functions

Impact of new organisation structures or merger of ministries/ departments to number of positions to be abolished or established.

Impact of natural attrition and absenteeism.

5.11.2 Establishment and PE Budgeting Process

Establishment is job listing or staffing levels. It is the number of posts approved to a position based on anticipated performance needs of the institution. The process for determining establishment levels is:

Define the number and types of employees needed at a particular point in future to implement plans taking into consideration new practices, procedures and mandates.

Establish existing workforce including rate of utilisation e.g. number of hours worked as overtime which might justify requirements for additional post.

Identify level of new skill requirements. This will be influenced by strategic options chosen during preparation and review of strategic plans.

Identify anticipated demand in the institution and forecasted supply in the labour market.

Develop a plan to close the gap between demand and supply of labour force and where appropriate redeploy to eliminate surpluses.

Identify options of training as a mechanism of making effective use of existing employees instead of recruiting new staff.

5.11.3 Institutional Framework for PE Approval

Basic requirements for PE approval are outlined below:

Availability of staffing levels or job lists reflecting institutional strategic plans.

Quantified workload for each post in a position taking into consideration basic skills requirements and availability of skills in the labour market.
 Presidential Circular No.1 of 1998 on cost cutting measures together with other circulars issued from time to time emphasizing the need to create new posts based on value for money.

- Approved institutional structures and positions reflecting current schemes of service.

- Properly aligned job positions, salary grades and schemes as per job evaluation and re-grading exercises, Medium Term Pay targets and budget ceilings.

- Completion of Form No.2 – PE Annual Estimates – Staff Specification. This form is generated from the Integrated Human Resource and Payroll System database.

- Completion of Form No.1 - Schedule of Approved Personnel Emoluments and Annual Estimates – Establishment and Strength for the period. This form is a summary of Form No.2 above.

- Completion of Form No.3 - Schedule of Approved Personnel Emoluments and Annual Estimates – Establishments, Strength, Approved and Planned Estimates.

- Completion of Form No.4 - Summary of Personnel Emoluments Estimates including statutory contributions.

- Authorisation of establishment levels by the Permanent Secretary – PO-PSM.

- Authorisation of Salary structures by PO-PSM, in consultation with the Ministry of Finance.

- Incorporation of PE establishments and associated costs in the institution’s MTEF using forms No. 8(a)-8(d) and No. 9, prescribed in the Plan and Budget Guidelines.

5.12 Presentation of MTEF

The MTEF documents are to be prepared using the following format:

- **Foreword** by Minister, RC or Chairman

- **Statement** by Permanent Secretary, RAS or Council Director

- **Executive Summary**

- **Chapter 1 – Overview of the Strategic Plan**
  - 1.1- Summary of Situation Analysis
  - 1.2- Mission, Vision, and Objectives
  - 1.3- Strategies and Targets

  *(Note: This chapter gives a brief summary of the more detailed SP document).*

- **Chapter 2- Budget Performance Review**
  - 2.1- Last Year’s Performance Review
  - 2.2 – Current year’s Mid Year Review

  *(Note: This chapter covers revenue and expenditures).*
5.13 Submission and Scrutiny of MTEF

5.13.1 Institutional Level
Final phase of budget formulation at Institutional level takes place between January and March and the Estimates are submitted to the Ministry of Finance (MOF) in Mid-March. The submissions are made as stipulated in the PBG.

Prior to submission of the estimates, the Institutional Budget Committee is required to:

- Review and scrutinise the budget proposals of units, divisions and departments to ensure correctness and relevance of the financial demands
- Undertake the consolidation and finalisation of the institutional budget by ensuring that the departmental budgets are consistent with ceilings and institutional priorities.
- Prepare budget MTEF memorandum and submit the estimates to the MoF.

5.13.2 Central Level
Final phases of budget preparation at the central level includes scrutiny of MDAs, Regions and LGAs estimates, Donor/Government Consultations, submission of estimates to Inter – Ministerial Technical Committee (IMTC) and submission of the budget Cabinet Paper for approval.

Every organisation’s draft budget estimates are scrutinised by the Central Ministries to ensure that the estimates submitted conform to set ceilings, Institutional strategic priorities and the national strategic concerns indicated in the PBG. Scrutiny and dialogue also takes place to ascertain the accuracy of the budget figures and GFS coding. The institutions involved at the centre for scrutiny are: -

- Ministry of Finance;
- President’s Office - Public Service Management (for PE issues);
- President’s Office - Planning and Privatisation (for macro policy issues);
- President’s Office - Regional Administration and Local Government (for issues related to Regions and Councils)

Donor and Government consultations facilitate the budget process by confirming donor financial commitments in the coming annual budget and MTEF period. These discussions take place between Ministry of Finance or Sector Ministries and Development Partners. The timing for the final interventions is between March and April.
The Estimates are then submitted to the Cabinet Secretariat and Inter-Ministerial Technical Committee (IMTC), which is a committee of all Permanent Secretaries, vested with a role to scrutinise National Plan and Budget proposals and advises the Cabinet before the approval. Where the approval is granted with amendments, the Institutions will be required to make final adjustments to their estimates as well as their MTEF Budget Memorandum using facilities in the IFMS. The Ministry of Finance consolidates the final estimates and prepares printouts of the budget books. The printouts are then sent to the Government Printer for full production. The timing for scrutiny, Cabinet discussion and printing of budget documents is between March and May.
6. Implementation Planning

This chapter reviews some of the steps required before implementation can begin. The centre piece is the preparation of an Action Plan which describes when activities will take place and who is responsible for implementing them. The action plan is supported and complemented by a procurement plan, a disbursement (or cash flow) schedule, training plans, and OPRAs (which take the plan down to the level of individual staff).

6.1 Introduction

Following the approval of the national budget by Parliament, a number of steps should be undertaken by the institution prior to implementation. These focus on the upcoming year and include the preparation of:

- **An Action plan**, which is a schedule of activities. This describes when each activity is planned to start and finish. Action plans are sometimes termed “work plans.” Typically action plans assign responsibility for who will initiate and manage each activity. Action plans incorporate procurement plans, since an activity can be considered to have two broad stages: a procurement stage and an implementation stage. For example, it may take 3 months to select a consultant and 2 months for the consultant to complete the work. Action plans cover one year only.

- **A procurement plan**, which describes when procurement steps are expected to start and finish. It links the cost of an activity to the procurement process to be undertaken. Procurement processes (for example, National Competitive Bidding) are determined by the size and type of expenditure, and are guided by the Public Procurement Act (2004).

- **Monthly disbursement or cash flow plan**: this describes when funding or disbursement of funds is required by the institution. This is based on the schedule and procurement plan.

- **Quarterly Physical Targets**: though targets in MTEF may cover 3 years, they should be monitored on a

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25 The assignment of responsibility can be either an individual or a position.

26 More generally, it may have a preparatory stage which includes procurement and perhaps other tasks.
more continuous basis. In order to monitor longer term targets, they should be broken into annual and quarterly figures for the current year.

- **Training Plans**: provide more detail about training events. This may include coordination of training activities and initial efforts to identify courses and possible participants.

- **OPRAs** (Open Performance Review and Appraisals).

These are outlined in turn.

### 6.2 Preparing a Procurement Plan

In practice it is difficult to separate procurement plans from action plans. The two need to be prepared jointly. The following steps should be used to prepare a procurement plan:

1. The procurement officer should establish how long he or she expects a particular method of procurement to take. This is called its duration, and should be based on actual experience within the institution. In the best of worlds, average times would be used. A summary of procurement guidelines is in Annex IV.

2. For each activity in the plan, assign a procurement method (some activities may not involve procurement). This will be based on the nature of the activity (does it include goods or works?) and its total cost. To do this, the procurement officer will have to be familiar with the plan and to work closely with implementers in each sub-vote (department).

3. For each activity, talk to those initiating the work. Establish a date by which they wish to **begin** actual implementation. For example, if the activity involves training, when should training begin? Based on this, work backwards given the expected duration of the procurement method. For example, if implementation is to begin in January, and it uses method “A” (Consultants IC, <$US 100,000) procurement should begin about 3½ months earlier (or around September-October).

4. In making a procurement plan (or an Action Plan) it is best to manage activities on a monthly (or bi-weekly basis). Do not be concerned with a few days here or there. During scheduling, take into account:

- **Holidays**.

- Delays that may occur in disbursement (for example, funds for a financial year may not arrive on 1 July).

- Other events where people may not be around or may have other responsibilities, for example, the budgeting process.

Procurement Plans should include the following:

- the activity and its IFMS code
- the sub-vote implementing it,
- its budgeted amount,
- the procurement method used and
The planned start and completion dates for the procurement process. The procurement plan is an internal document (since potential bidders should not know available budgets). It can be presented in many ways, including a Graphical Gantt chart or other means to see the overall schedule (see Section 6.3.3, concerning presentation). In documenting the procurement plan, activities can be ordered in one of two ways: either by their sub-vote or by their planned start date. The former helps follow up implementers while the latter may be more useful to procurement officers. A suggested format for a Procurement Plan is contained below:

Table 4: A Suggested Format for a Procurement Plan

<table>
<thead>
<tr>
<th>Activity</th>
<th>Procurement Method</th>
<th>Budget in Tsh</th>
<th>Planned Start</th>
<th>Planned Finish</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sub-Vote 2000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A01C: Hold workshop to XXX</td>
<td>Q. Workshops (42 Days)</td>
<td>35,000,000</td>
<td>15-Jan-05</td>
<td>15 Mar-05</td>
</tr>
<tr>
<td>A04C: buy vehicles</td>
<td>I. Goods ICB (Vehicles: &gt;$US 200,000): 153 days</td>
<td>300,000,000</td>
<td>15-Jul-05</td>
<td>1-Mar-05</td>
</tr>
<tr>
<td>Sub-Vote 2000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A01D: Produce a Situation analysis on X</td>
<td>A. Consultants IC (&lt;$US 100,000): 75 days</td>
<td>50,000,000</td>
<td>1-Oct-05</td>
<td>1-Feb-05</td>
</tr>
</tbody>
</table>

Notes: a procurement plan does not include all activities—only those that require a procurement intervention.

6.3 Preparing an Action Plan

An action plan covers one year, and describes:

- When activities will be done
- Who will do them

Organizing activities ahead of time can help manage potential conflicts and can result in a better coordinated work schedule. It can help identify critical tasks or dependencies so that these can receive extra attention. To schedule activities, adhere to the following key steps:

1. For each activity, estimate how long the activity is likely to take (its duration). To do this, divide the activity into two hypothetical parts: its planning or procurement stage, and its implementation stage.

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27 Remember the Activity has two parts: its preparation (or procurement stage) and its actual implementation.
2. Initially schedule individual activities. Do this by working backwards. Select the date you aim to finish the activity. This is called the "planned completion date." Given its duration (including procurement), work backwards to determine its planned start date.

3. Take account of dependencies between activities to fine-tune your initial schedule. Some activities can be completed at any time while others depend on the completion or initiation of others. The most typical type of dependency is "Start to Finish:" for example, it might not be possible to start Activity A03C until Activity A02D has been completed. Remember that activities in your plan are not in chronological order: they are listed in prioritized order.28

Figure 25: Dependency Types

<table>
<thead>
<tr>
<th>Task Dependency</th>
<th>Example</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finish-to-start (FS)</td>
<td>B A</td>
<td>Task (B) cannot start until task (A) finishes. For example, if you have two tasks &quot;Construct fence&quot; and &quot;Paint fence,&quot; &quot;Paint fence&quot; can't start until &quot;Construct fence&quot; finishes. This is the most common type of dependency.</td>
</tr>
<tr>
<td>Start-to-start (SS)</td>
<td>A B</td>
<td>Task (A) cannot start until task (B) starts. You have two tasks &quot;Pour foundation&quot; and &quot;Level concrete.&quot; &quot;Level concrete&quot; can't begin until &quot;Pour foundation&quot; begins.</td>
</tr>
<tr>
<td>Finish-to-finish (FF)</td>
<td>B A</td>
<td>Task (B) cannot finish until task (A) finishes. For example, if you have two tasks &quot;Add wiring&quot; and &quot;Inspect electrical,&quot; &quot;Inspect electrical&quot; can't finish until &quot;Add wiring&quot; finishes.</td>
</tr>
<tr>
<td>Start-to-finish (SF)</td>
<td>B A</td>
<td>Task (B) cannot finish until task (A) starts. This dependency type can be used for just-in-time scheduling up to a milestone or project finish date to minimize the risk of a task finishing late if its dependent task slips. If a related task needs to finish before the milestone or project finish date, but it doesn't matter exactly when and you don't want a late finish to affect the just-in-time task, you can create an SF dependency between the task you want scheduled just-in-time (the predecessor) and its related task (the successor). Then if you update progress on the successor task, it won't affect the scheduled dates of the predecessor task.</td>
</tr>
</tbody>
</table>

6.3.1 MILESTONES

Milestones are activities "used to identify significant events in a schedule, such as the completion of a major phase or event." They are selected because they are representative of overall progress or because they track progress towards key strategic changes. Oftentimes they mark the completion of a series of key events; they can be considered a very high-level "to do list." A plan should only identify a few milestones (perhaps 10-15).29 Institutions should identify milestones and monitor them in quarterly and annual reports.

Table 5: A list of Milestones

<table>
<thead>
<tr>
<th>Milestone</th>
<th>Sub-Vote</th>
<th>Completion Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Activity A01C04: xxxxxx</td>
<td>2000</td>
<td>15-Apr-06</td>
</tr>
<tr>
<td>Activity A01C: Hold workshop to assess draft policy in XXX</td>
<td>3002</td>
<td>1-Oct-05</td>
</tr>
<tr>
<td>Etc.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

6.3.2 AGGREGATION

Though the basis of scheduling is activities, these can (in theory) be aggregated to the target or objective level. Briefly, the planned start date for a target is the earliest

---

28 The prioritization process should take account of dependencies. Figure 25 is the explanation given in Microsoft Project, a commonly used scheduling software.

29 Milestones can also be considered to be "key indicators" which are of a "deadline format."
planned start date of all activities under it; the planned completion date for a target is the latest planned completion date of all activities under it.\textsuperscript{30}

\textbf{6.3.3 PRESENTATION AND GANTT CHARTS}

There are many ways to present schedules, the most sophisticated of which is a Gantt Chart. Gantt charts are difficult to draw, unless planners use specific software (such as Microsoft Project) to do so. The content is the same: (1) a list of activities (and perhaps their parent objectives and targets), (2) the planned start and completion dates for activities (3) responsibility for the activities and (4) a graphical presentation. This should only cover the current year.

\textit{Figure 26: Typical Gantt Chart-Style Presentations}

\begin{table}[h]
\centering
\begin{tabular}{|c|c|c|c|c|}
\hline
Target/Activity & Sub-Vote & Planned Start Date & Planned Completion Date & Responsible \\
\hline
Target A01S: Policy X prepared & 2000 & 1-Oct-05 & 15-Jan-06 & XXX \\
\hline
Activity A01S01: Draft Policy & & 15-Dec-05 & 1-Mar-05 & YYYY \\
\hline
Activity A01S02: Hold workshop to ... & & 1-Mar-05 & 1-May-05 & ZZZZ \\
\hline
Activity A01S03: Incorporate Changes & & & & \\
\hline
Etc. & & & & \\
\hline
\end{tabular}
\caption{Sample Activities}
\end{table}

\textit{MONTH (July 2005 to June 2006)}

\begin{itemize}
\item J
\item A
\item S
\item O
\item N
\item D
\item F
\item M
\item A
\item M
\item J
\end{itemize}

\textbf{6.4 Disbursement Schedules and Cash Flows}

Based on the action plan (and procurement plan), institutions can then establish the timing of their resource requirements. This information is then provided to the MoF through the appropriate MTEF form.

\textbf{6.5 Quarterly Physical Targets}

Form B-2 is used to break up or divide the MTEF on a quarterly basis, for the current year. This is done at the activity level.

\textbf{6.6 Training Plans}

As a result of the Strategic Planning process, some institutions will undertake intensive capacity building efforts. In other cases, the institution may be providing training to a large number of clients, including other government institutions. When training will be intensive, initiatives will have to be coordinated across sub-votes and steps will have to be taken to identify suitable training providers and courses. To

\textsuperscript{30} In scheduling, the terms used are "summary tasks" and "sub-tasks."
manage training (or HR development), institutions may need to develop a detailed training plan, providing information below the activity level.

6.7 OPRAS

OPRAS extends the SP, Action Plan and Budget to the individual level. All employees want to know what is expected of them, how well they are doing, and how they can improve their work. OPRAs are a process which helps meet these needs, by improving communication between superiors and subordinates. The process is annual, and consists of three main steps:

- **Performance Agreement**: supervisors and subordinates agree on what the subordinate will do, what his or her objectives are, how performance will be assessed, and what resources will be available. Performance agreements should be signed during July.

- **Mid-Year Review** of progress, which should occur in December-January. During this stage, the initial agreement is reviewed and, where necessary, revised.

- **End Year Appraisal**, which assesses the subordinate’s performance.

Prior to 2003/04 appraisals in Tanzania were done confidentially and subordinates did not have access to their superior’s assessments. In general, OPRAs serve several the following purposes:

1. To improve institutional performance, by aligning the institutional plan to individual responsibilities.
2. To establish an environment of feedback, exchange and communication between supervisors and subordinates.
3. To help identify the subordinate’s strengths and areas for development.
4. To link performance and compensation.

6.7.1 **Completing OPRA Forms**

The OPRAS manual describes the OPRA process in more detail, including the completion of OPRAS forms.
This chapter is divided into two main parts. First (in Sections 7.1 to 7.3) background information is provided on M&E. What is M&E, and how is it usually done? These broad ideas are intended to assist users to prepare annual (performance) reports and three-year outcome reports. The content and purpose of these reports is described in Section 7.4.

7.1 Introduction

M&E is a systematic search for answers about how an institution is doing. The process involved includes the gathering, analyzing, interpretation, and reporting of information. Typically, this information is used for two main reasons: (1) making decisions and (2) creating accountability.

7.1.1 What is M&E

People monitor and evaluate every day: for example, they decide which school to send their children. When they “assess or judge the value or worth of something” they evaluate. In the workplace, M&E is a bit more technical than this. Evaluations ask “bigger questions,” such as whether objectives have been fulfilled, whether interventions have had an impact, or whether operations were done efficiently. On the other hand, monitoring focuses on regular information gathering, is shorter termed, and is concerned with progress and implementation. Usually evaluation focuses outside the institution (on the effects it has on its clients or service users), while monitoring focuses inside the institution (on what it has produced and what it has done). In practice, the process of “M” and the process of “E” overlap and are complementary. Their differentiation is not terribly important, as long as a full picture of performance can be provided to management and stakeholders.

7.1.2 Management Demand

M&E is not, and cannot be a substitute for good management. However, for M&E to succeed it needs to be driven by management’s need for information and by management’s desire to improve performance. When used correctly, M&E can
serve as a motivational tool and can focus attention on achieving objectives and meeting shorter-termed targets. M&E can provide timely information about progress, and can help the early identification of any weaknesses requiring corrective action.

**7.1.3 EXTERNAL DEMAND**
M&E can also empower stakeholders to demand change. No manager enjoys public accountability, yet creating an environment of public accountability can be a powerful incentive to improve performance. By reporting results, Governments can promote credibility and public confidence. As development aid in Tanzania is increasingly channeled through budget support and basket funding, the need for unbiased assessments of progress and effectiveness will become increasingly important.

**7.1.4 INFORMATION QUALITY**
The creation of propaganda or the manipulation of information undermines the objectives of Monitoring and Evaluation. Decisions based on false or misleading information will be erroneous. Externally, the gains of misleading stakeholders are bound to be short-lived and an institution’s long run credibility will be jeopardized and undermined. The foundation of M&E is independence.

**7.2 Types of Assessment and their Methods**
There is a tendency to equate M&E with indicators. While indicators are important, their formulation is only one, small step in the evaluation process. The first step is much more general and involves deciding which questions to answer. These can be understood in relation to the plan, and fall into three main categories:

- **Descriptive questions** ask "what is." They describe aspects of a process, a condition, or a set of views (for example: how many farmers are using irrigation? What proportion is satisfied?).
- **Normative questions** compare "what is" to "what should be." They compare the current or actual situation against a specified target or benchmark. Did we meet our target of draining 100,000 hectares of land? Was the process for selecting participants fair or equitable?
- **Impact questions** determine "what difference our actions made." These are cause-effect questions that attribute a change to what an institution did.

**7.2.1 IMPACT**
Though impact is difficult to measure, it is the starting point for understanding other forms of evaluation. Impact assessments attempt to conclude whether a particular outcome was caused by a particular intervention. To do so, alternative explanations for the outcome must be eliminated. Take for example, the “impact” of a road. Suppose the objective of the road was to increase trade and that the average income of farmers near the road is selected as the best impact indicator.

Looking only at “before” (baseline) and “after” measures of income is insufficient to demonstrate that the intervention caused the
change. This is because the change could have happened for other reasons. To establish cause and effect a "counterfactual" is created, which often involves creating "control" and "treatment" groups. These groups need to be exactly the same, except one group received an intervention and the other didn't. In Figure 27 the average annual income increased from TSh 200,000 to 230,000 in the treatment group (villages near the road). However, incomes also rose in the control group; this rise in the control group is the estimation of the influence of "other factors" on income. This method applies to any intervention, for example, to measure the impact of the policy of privatisation, service delivery performance should be compared between parastatals which were privatized and a control group of institutions that were not.

7.2.2 Other Types of Evaluation

Though gauging the impact of major policy interventions is important, institutions in Tanzania should focus on something less ambitious than impact assessment. A typology of evaluations is provided in Figure 28. Looking at these methods, institutions should undertake the following:

1. Outcome evaluation,
2. Process evaluation (in particular compliance inspection),
3. Annual Reviews, (using participatory, rapid, techniques)
4. Implementation Monitoring, with a focus on assessing key indicators and the achievement of targets.

These are discussed in turn.

7.2.3 Outcome Evaluations

Institutions should assess whether their objectives are being met.

Outcome Evaluation can be considered a "stripped down" impact assessment, where the issue of cause and effect is ignored. Evaluators simply identify and measure the state of things, rather than how they came about. Though this removes much of the measurement burden, outcomes are still difficult to gauge. Their measurement will often involve undertaking studies or surveys to collect information, including the perceptions of service users or clients. Depending on the availability of information, and the cost of collecting information, assessing outcomes can be done three ways:

---

32 A rise in farmer incomes could be caused by increased prices, rainfall, increased demand, and so forth. It is even possible that incomes could have gone down in both the control and treatment group. If they went down less in the treatment group, then the road still had a positive influence. There are many ways to create control and treatment groups, including randomized and non-randomized experimental methods, natural experiments and other statistical tools...
1. Compare indicators before and after (without attributing the change). In this case, there needs to be baseline values.  

2. Compare targeted values to actual values. This, however, resembles the before-after case, because targeted values should be based upon historical, baseline values plus some level of improvement.

3. Leave aside intended values and simply investigate and document outcomes. This may resemble a detailed situation analysis, one which describes the “state” of your clients or internal performance.

### 7.2.4 **Process Evaluation**

Given the regulatory function of Government, **institutions should regularly assess whether standards are being met and rules, regulations and guidelines are being followed.**

Broadly, these evaluations will be termed compliance inspections. The foundation of the inspection is the concept of supporting “evidence,” which is used to verify compliance. Evidence typically consists either of records and documents or physical verification and observation (for example, was a dispensary which was claimed to be constructed through a block grant actually built?).

Where possible, compliance inspections should have counterpart outcome evaluations. For example, accounting audits investigate whether accounting rules or procedures are being adhered to, while “value for money” audits look at the quality of expenditure (for example, was there waste?). Policies can also be evaluated through compliance inspections (when Policies lead to legislative instruments) but a full analysis should also include an evaluation whether the objectives of the policy have been met. If, during the planning process, the objectives of policies influenced the development of objectives of the institution, a single evaluation can serve multiple purposes.

### 7.2.5 **Reviews**

**Institutions should undertake stakeholder reviews,** on an annual basis. Reviews tend to fall between monitoring and evaluation and tend to focus on the **impressions** of service users, clients, and staff. Methodologically, they often include informal interviews or focus group discussions that aim to understand people’s opinions, to get their assessments of problems or areas of weaknesses, and to find out what they recommend. Reviews may summarize or re-interpret monitoring information or make use of “expert opinion” (for example, when Programmes or Projects are reviewed). A good review is participatory, focuses on learning lessons, and attempts to incorporate these lessons into future action.

Reviews have many advantages. They are easy to undertake, are quick or rapid, can incorporate the participation of stakeholders, and are relatively inexpensive. These advantages arise because they tend to be less scientific than evaluations. The review process is very well established in some Government institutions: for

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33 Outcome evaluations always have assumptions concerning how long it is likely to take for an outcome to arise.

34 Technically, a baseline value is the value prior to an intervention. When interventions are continuous, baseline values can be taken as historical values. The targeted value should (if possible) be based on baselines, but include some element of improvement.

35 See Section 4.8.8 concerning focus groups and stakeholder analysis. In practice reviews can be done continuously and can consist of simple conversations with service users. In this sense they may blend with monitoring.
example PERs (Public Expenditure Reviews) are undertaken annually and Procurement Reviews are undertaken periodically.³⁶

7.2.6 Monitoring
Progress monitoring may take many forms. It is important, however, to try to focus at higher levels of the plan, in particular on the achievement of targets. The following forms of monitoring should be practiced:

- **Objectives**, where possible should be monitored through indicators. This should occur when indicators can be realistically formulated and can be easily collected, through administrative channels or other MIS systems. At times, this may also involve locating information from secondary sources (i.e. reports prepared by others). Do not formulate long lists of indicators (wish lists) which will not be regularly collected.

- **Targets**: progress in achieving targets should be intensively monitored by comparing planned (targeted) levels with actual levels. Generally, targets in Strategic Plans have tended to focus on the end of the three year period. This formulation is too long-term to facilitate effective monitoring and to allow prompt action to be taken. Therefore:
  - **Every year, all targets should be formulated in more detail to cover the current year.** Suppose, for example, a Strategic Plan covers 2005/06 to 2007/08 and has a target “4,500 kilometers of road maintained by 30 June 2008.” This should be broken into an annual, intermediate target: “1,300 kilometers of road maintained by 30 June 2006.”
  - **Annual, intermediate, targets should be broken down further into quarterly targets.** In the example above these might be: Q1 (200 kilometers maintained), Q2 (300 kilometers maintained), etc.

- **Activities**: the monitoring of activity completion and whether activities have been started on time. Usually this identifies exceptions (activities which are late or will be postponed) together with their likely effects on other aspects of the plan.³⁷ This often involves an assessment of the action plan, work plans, schedules, or procurement activities. This corresponds to the monitoring of planning instruments discussed in more detail in Chapter 6.

- **Inputs**: financial monitoring should be done through the Government’s IFMS. Expenditures (compared to budgets) are often an indication of activity implementation, though expenditure may tend to be made during the completion of the activity rather than at intermediary stages (because of the structure of contracts).

7.3 Methods and Sources of Information
Different types of monitoring and evaluation use different methods to collect information. Overall, there are four main methods of data collection:

³⁶ Procurement reviews fall short of process evaluations which would measure actual compliance and outcome evaluations which would assess whether the procurement process resulted in the best contractor being selected.

³⁷ To recall from Chapter six activities may have dependencies, for example if the completion of activity A01C03 depends on the completion of activity A01S02.
1. **Observation**, which records what is happening. Common examples include the recording of traffic patterns, road conditions, or housing quality. For example, an observer can count the number of potholes or the number of trucks carrying charcoal into town. A stopwatch can be used to see how long it takes to deliver a service. However, when people know they are being observed, their behavior may change; this biases results.\(^{38}\) Sometimes observation may be combined with physical testing (for example sampling water using scientific equipment). Observation focuses on “facts” (what actually happened) rather than perceptions (what people say happened).

2. **Available data**, which may come from files or from previously completed studies or reports. Sometimes the data are available but not in a form that is easy to analyze. It may involve a high degree of processing, analysis, manipulation or statistical work.\(^{39}\) In the best of situations, available data is cheap to collect and reflects a factual portrayal of what really happened. Typical problems concern its quality, representativeness, or accuracy.

3. **Questionnaires**, which may include: formal surveys or individual interviews, focus groups (or larger workshops), and self administered questionnaires, diaries, or checklists. Surveys capture perceptions, opinions, and ideas, but are less accurate in measuring actual behavior. Questionnaires and interviews can be either structured or semi-structured. Structured surveys are precisely worded with a range of pre-determined; everyone is asked exactly the same questions in exactly the same way, and is given exactly the same choices to answer the questions. Semi-structured surveys ask the same general set of questions, but leave the answers open-ended. Key issues in designing questionnaires concern: the selection of interviewees, how to deal with non-responses, and the development of neutral, non-leading questions.

4. **Expert Judgment**, which is important in technical matters, and may be combined with observation. To provide a simple example, the quality of MDAs’ plans can be assessed by having experts evaluate whether objectives are outcome-oriented or whether indicators are SMART.

The method selected depends on the situation, and in the best world a mixed strategy is chosen and results are “triangulated.” In all cases, there should be a clear separation between the data collected and the inferences or conclusions drawn.

**7.3.1 INDICATORS: A QUICK REVIEW**

Indicators are numbers having a specific measurement purpose. This connection differentiates them from “regular numbers” and determines their quality. Technically, an indicator is an “imprecise” measure, in the sense that “smoke indicates fire.” In considering indicators:

- They should be used to measure broad statements, not specific ones. For example, “Ethical Behavior” could be measured by “number of people suspended for unethical practice” or by “% of clients surveyed who thought staff were corrupt.”

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\(^{38}\) Observation can be obtrusive or non-obtrusive, participatory or non-participatory. To provide a simple example, the observation of a revenue collector may increase revenue collection. This can, in some instances, be useful, since performance under observation can be used to establish targets.

\(^{39}\) An evaluation of evaluations is called “meta-evaluation”
When targets or statements are very specific (like “Vaccinate 2,500 children by 30 June 2005”) there is no real reason to formulate indicators. The indicator (such as “Number of children vaccinated”) is simply a restatement of the target.

Indicators (like targets) have associated dates, which describe at which point in time the indicator is measured. Like targets, indicators have both intended (targeted) and actual or realized values. As was discussed in Chapter Four, the baseline value of an indicator is its historical value, often prior to a particular intervention.

A key indicator approach can be understood as an attempt to gauge general progress (a broad concept) by selecting a reduced set of representative indicators. A set of key indicators should cover most administrative units within the institution, and measure both objectives and targets.

Like numbers, indicators may come in two main forms: “stocks” and “flows.” Stocks are the value a number takes at a particular point in time (usually the end of a given period), while flows are numbers which occur during a period. To be SMART an indicator must clearly differentiate this. The example below shows how flows during a period are added to form cumulates (stocks) at the end of a period.40

<table>
<thead>
<tr>
<th>Table 6: Stocks vs. Flows</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Kilometres of road built</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Stock (Cumulate) By 30 June</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kilometres of road built</td>
</tr>
<tr>
<td>2004</td>
</tr>
<tr>
<td>2005</td>
</tr>
<tr>
<td>2006</td>
</tr>
</tbody>
</table>

7.4 Reporting
The whole point of undertaking M&E is to provide information to decision makers and external stakeholders, to let them know what is happening and why. In this sense, M&E information needs to be reported and communicated, and M&E will be effective if and only if people read, listen, understand, and react to M&E reports. In writing reports, the content, style, and detail should be determined by the intended audience and by the frequency of the reporting process. A report which is not read (because it is poorly presented or too technical) fails to achieve its purpose.

7.4.1 Some Qualities of a Good Report
A good report:

- Is readable and easily understandable; it captures the audience
- Provides enough background so readers can put the main results into their proper context.
- Documents the methods used in enough detail to establish credibility
- Clearly separates the big points from the little ones. This allows readers with different goals or different amounts of time to make use of the report.

40 Examples of stocks include, “the number of students enrolled at the University of Dar es Salaam,” or “the interest rate,” or “the average length of time to retrieve a file.” Stocks cannot be added together, while flows can.
Highlights are generally found in an executive summary with details and long matrices placed in an annex.

- Is analytical and evidence based; this establishes the logic of the results presented. In many cases, where recommendations are made or inferences are drawn, these need to carefully flow from the data and analysis.
- Makes use of graphs or pictures to make numbers more “digestible.” (A picture tells a thousand words).

### 7.4.2 Reporting Requirements

Two main reports should be prepared by public Institutions in Tanzania:

1. **Performance Reports**: the foundation of these reports is a comparison an institution’s targets with its actual values, together with an explanation of why targets may or may not have been met. The report will also highlight major accomplishments and constraints (or emerging issues) and provide a comparison of budgeted with actual costs (for example, by department, objective, or target). Performance reports are of three main types:

   - An **Annual Performance Reports** (APRs) should be prepared every year (by August 15). It should be submitted to the relevant Parliamentary committee. The annual Performance Report should be sent, in electronic form, to the Ministry of Finance, where it will be posted on a common web-site. Institutions with web-sites should also post their Annual Report.

   - A **Mid-year Performance Report** should be prepared by 25 January. This is a shorter and simpler version of the Annual Performance Report. It should be submitted to the Ministry of Finance.

   - First quarter and third quarter **Quarterly Progress Summaries**, which are submitted in the form of a matrix (see forms APR/02 and APR/03).

2. **A three-year outcome report** which assesses the degree to which an institution is meeting its objectives (and producing outcomes or impact). This can be considered an “effectiveness” report. For accountability reasons this report is produced by institutions (not sectors or national bodies). The three year reporting time frame mirrors the 3 year strategic planning cycle. Results from this report will generally be derived through surveys and evaluation studies. An outcome report can be imagined as a “State of…” report. For example: “The State of the Public Service” (PO-PSM), the “State of Education in Tanzania” (Ministry of Education), “The State of Financial Management” (Ministry of Finance”). In terms of process, the report should:

   - Be prepared in pieces or parts, and on a “continuous” basis. Undertake periodic studies, rather than wait until the end of the three-year Strategic Planning cycle. Studies should be designed with dual purposes in mind. In addition to serving evaluative needs, they should be structured around important management issues, where actions can be taken to improve performance.

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41 It should be noted that under the performance agreements instituted in Tanzania, Permanent Secretaries contract with Ministers to produce outcomes. Directors (or Assistant Directors) contract with Permanent Secretaries to produce targets.
Make use, where possible of secondary monitoring information, for example by piggybacking on Human Development reports prepared for MKUKUTA or on service delivery surveys prepared for others.

For MDAs, three-year outcome reports should be submitted and presented to the appropriate Parliamentary Committee. Submission should be accompanied by a verbal presentation (a "hearing") where the results of the report are summarized by the PS. For LGAs, findings should be submitted to and presented to the Regional Commissioner.

As was the case with Annual Reports, 3-year outcome reports should be sent, in electronic form, to the Ministry of Finance and posted on the Institution’s web-site (if it has one).

7.4.3 PAF AND GENERAL BUDGET SUPPORT

It is imagined that as the quality of these reports improves, the intensity in which donors are involved in the monitoring process (for example, through General Budget Support) will be reduced and a stronger role will be undertaken by Parliament. These processes, of national and international reporting, should be harmonized and strengthened.

7.5 (Annual) Performance Reports

Reporting is a basic function of all institutions. For example, Companies, and NGOs typically have to prepare Annual Reports and have to make these available to the public or to their stakeholders and financiers. To review a bit, a good annual report adheres to the principles outlined in section 7.4.1; most importantly they are honestly presented, easy to understand, and logically reasoned. Annual reports should focus on performance in achieving targets, key indicators, and summary financial information.

The structure and content of an Annual Performance Report is outlined below:

- **Preface**: Statement by the Minister, Regional Commissioner, or Council Chairperson.

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42 In most cases, the failure to provide honest information is accompanied by strong sanctions. In the case of Companies, this may include jail terms and other measures.
Executive Summary: this should be done on behalf of the PS/RAS/Executive Director. It should provide a quick overview of the report: the issues, questions, methods, and findings (see Figure 30).

Figure 30: Executive Summaries
An executive summary provides a quick overview of the report: the issues, questions, methods, findings, and recommendations. It provides a way for the reader to quickly get the major highlights and points. The executive summary is more than a condensed version; when preparing one, try to step back and get a more distant perspective. It should include:

Brief Overview or Introduction
- Purpose of the report, situation or issue of concern
- Grab your reader's attention by describing why it matters.

Description of the Report
- Major questions, brief statement about how the report was prepared.

Background
- Provide enough information to place the report in its context.

Major Findings:
- Use your judgment: what would your audience think is most important or interesting?
- Summarize the highlights in bullet format.
- Use simple, clear, jargon free language.
- Refer readers to the text or appendix for more detail.

Chapter 1: Introduction and Overall Performance. This should include the following:

- Section 1.1: a short description of the approach adopted, purpose of the report, and broad methods used. Mention that the report aims to provide an unbiased, honest assessment of progress, with a focus on the achievement of targets (as specified in the SP). Remind the reader that issues of effectiveness and outcomes are discussed in the three-year outcome report.
- Section 1.2: Provides highlights of performance, both verbally and in terms of key indicators.
- Section 1.3: Highlight problems or issues, carefully identifying targets at risk or targets which were not met. This may be brief with more details explained in Chapter 2. Describe the actions taken by management to address these problems.
- Section 1.4: Summarizes (very briefly) the results of studies that will be used to prepare the Outcome report, and the general progress in preparing this report.
- Section 1.5 Describe the layout and structure of the remainder of the document.

Chapter 2: Achievement of Targets. This chapter should be presented on a sub-vote by sub-vote basis. This chapter should provide the written details about each target and what happened during its implementation; this may get into details about key activities. This chapter corresponds to Chapter 4 in the Strategic Plan.
Chapter 3: Activity Implementation and Expenditure Report. This chapter should summarize activities which were not implemented and their reasons and provided an overall view of expenditures compared to budgets. All budgetary information should be derived from IFMS.

Annex 1: Key Indicator Progress (see form APR/01)
Annex 2: Targets at Risk (see form APR/02)
Annex 3: Targets not at Risk (see form APR/03)
Annex 4: Budget data

A draft should be prepared and then circulated internally for comments. Once a draft final version has been produced, it should be widely circulated to stakeholders, for their comment. This may, or may not be done in a workshop, retreat, or meeting format. When a final version is produced, it should be posted on the institution’s website (if it has one).

7.6 Three-Year Outcome Report

To review, the key elements of this report are:

- The report focuses on the degree to which objectives (developed during the Strategic Planning process) are being met.
- This is the most important report prepared by the institution. It should be accessible to a wide range of stakeholders.
- During the SP process, an M&E strategy was created. This strategy planned a number of studies, evaluations, or surveys to be used as inputs into this report.
- In preparing the report it is important to be balanced. It is highly unlikely that progress in meeting all objectives will be the same (especially, when objectives have been broadly stated).
- Since the report investigates outcomes (or impact) it is a “State of” report. It describes an end state in your clients. Remember: it does not describe what you did, but instead focuses on the benefits, welfare, behavior, or changes in your clients.
- The report (for Central Government institutions) is submitted to the relevant Parliamentary Committee. A verbal presentation should be prepared highlighting its contents. For LGAs a similar process is used, this time using RCs.

The content of this report includes:

- Preface: Statement by the Minister, Regional Commissioner, or Council Chairperson.
- Executive Summary: this should be done on behalf of the PS/RAS/Executive Director. It should provide a quick overview of the report: the issues, questions, methods, and findings (see again, Figure 30).
- Chapter 1: Introduction. This should include the following:
  - A reference back to your SP, including a statement of what outcomes are and how your objectives were derived. Describe in simple terms
why objectives are important and how meeting them may be a long-run process.

- A short description of the approach adopted, purpose of the report, and broad methods used.
- A short description of the style of the report: mention that the report aims to provide an unbiased, honest assessment of progress.
- A discussion on the availability of information, especially baseline data. The first time you write this report there may be no reference or comparison.
- Describe the layout and structure of the remainder of the document.

**Remainder of the main body:** ideally, each remaining chapter should describe a single objective. There may, however, be cases where it is appropriate to organize the report by themes. Within each chapter:

- Review the objective/outcome and why it is important.
- Discuss the methods you may have used to assess it. Remember to include results of other relevant studies or surveys, prepared by others.
- Discuss your results and what they mean. Are there reasons why objectives may not be met?
- Focus on the issue of improvement: are things getting better
- Try to summarize the main points and reinforce them

**Appendix/Annex:** keep highly detailed or technical information in an annex. Also include a bibliography or cross references.
The next four sections contain information supporting the main body of the report. Included are the following:

- **Annex I**: a description of the IFMS segment codes and data model. This annex is somewhat technical.
- **Annex II**: a list of standard forms to attach as annexes to the Strategic Plan and Annual Reports
- **Annex III**: some tips and examples to help create objectives, targets or activities
- **Annex IV**: discusses procurement
A1.1 The IFMS Segment Codes

Once the planning process has been completed, key elements are entered into the Government's Integrated Financial Management System (IFMS). These are recorded as a series of “segment codes” according to the “chart of accounts.” The IFMS codes fall into four main segments:

- **Segment 1**: the administrative structure.
- **Segment 2**: the performance budget or planning elements.
- **Segment 3**: the geographical codes, or the location code, or the district code.
- **Segment 4**: the input, or GFS codes.

### Figure 31: IFMS Codes

These codes are found in the “Active Planner Module” of EPICOR, and as such, the full code of 28 digits describes an input (for example: 50-2003-PG6245-A-01-C-02-0000-260101). An example is provided above.43 In looking at these codes:

- **Sub-Votes**: Sub-Votes are units within an institution that have delegated authority to spend money. In other cases, an institution may have a sub-

---

43 TECHNICAL NOTE: this string of digits is “flat” and its ordering does not reflect the hierarchy of the plan, or the physical significance of its underlying terms. If it did, the interpretation of the planning model would be that sub-votes and cost-centres (the segment 1 codes) each have their own objectives that they are trying to meet (since segment 1 is listed in order before segment 2).
institution (for example, a training institution) that plans independently and appears, in the budget, as a single line item. The sub-vote code of four digits is in two parts: the Program and Sub-Programme (each having 2 digits).

- The **Cost Centre**, code is being temporarily used to capture the means of finance (or the various “accounts” in the budget). For example, OC and large programmes (like PSRP or PFMRP). Its future use is likely to change. The same applies to the Segment 3, geographic code (sometimes called the “district code”). The use of Segment 3 has not been finalized.

**A1.1.1 HIERARCHY OF THE PLAN**

The hierarchical relationship of the performance or planning entities in Segment 2 is clear. The meeting of one’s objectives depends on the production of quality targets which are produced through activities. Each target can be associated with a single objective. As long as interventions were well designed, the usual assumption is that if all targets are met, the objectives are likely to have been met.

The relationship between some elements of the segment 1 (administrative) codes and the segment 2 (performance) codes has also been established.

**A target is produced by a single sub-vote. There is no contribution (in the form of activities) by other sub-votes. Targets are renumbered under each sub-vote/objective combination**

Therefore:

- Under a single objective, numbering restarts for each target under a particular sub-vote (see Figure 32).
- Therefore, prioritisation of targets is done under each sub-vote. There is no way to compare targets across sub-votes.
- Therefore, a unique target is identified by its subvote-objective-target code. For example: 2000-A01C is a different target than 2001-A01C.
- Therefore, segment 2 codes may be repeated numerous times in a plan. For example, each sub-vote may have its own target A01C.
- The target type (C, D, or S) does not influence the numbering. For example, you should not have: 2000-A01C and 2000-A01D in your plan, though these codes are unique.
- Multiple sub-votes do not work together to produce a single target or to jointly implement activities. Targets are completely compartmentalized.

All activities under a particular subvote-target are implemented by the sub-vote. The activity “inherits” the sub-vote code through its target.
Ministry .....  

Summary of the Strategic Plan  
(for the period .... to ....)

Mission  
……...  

Vision  
......  

Core Values  
......  

Objective A: ......  

Sub-Vote 2000 (Policy and Planning)  
Target A01S: .....  
Target A02C: .......

Sub-Vote: 2001 (Administration and Personnel)  
Target A01C: .....  

Objective B: .....  

Sub-Vote 2000 (Policy and Planning)  
Target B01S: .....  
Target B02C: .......  
Etc....
Ministry......

List of Key Performance Indicators  
Covering the Financial Years .... to ....

<table>
<thead>
<tr>
<th>Indicator</th>
<th>REFERENCES</th>
<th>DESCRIPTION</th>
<th>VALUES</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Planning</td>
<td>Sub-Vote</td>
<td></td>
</tr>
<tr>
<td>Indicator</td>
<td>Code</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tracking</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Objectives</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% of electorate who were aware of …</td>
<td>A</td>
<td>This indicator will cover ….</td>
<td>Collected during a larger service delivery survey conducted by April 2006</td>
</tr>
<tr>
<td>% of LGAs with an audit rating of “clean”</td>
<td>C</td>
<td>This indicator measures compliance with financial rules. It measures whether capacity building efforts in the keeping of accounts…</td>
<td>Data is a</td>
</tr>
</tbody>
</table>

Indicators Tracking Service Delivery Targets

<table>
<thead>
<tr>
<th>Indicator</th>
<th>REFERENCES</th>
<th>DESCRIPTION</th>
<th>VALUES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Children Vaccinated</td>
<td>D02S</td>
<td>This measures the number vaccinated during a given year.</td>
<td>From 1/7/04 to 30/6/05: 23,215 vaccinations From 1/7/05 to 30/6/06: 30,000 vaccinations From …. to . …</td>
</tr>
</tbody>
</table>

Notes:

1. **References**: link the indicator to an objective or target in the plan. Since targets fall are produced by a single sub-vote, the sub-vote (in words) should be listed. In the case of objectives, leave column 3 blank.

2. **Explanations** should (1) clarify the indicator to ensure the reader fully understands what it is, and (2) describe its context—why is it important?

3. **Means of collection**: includes methods and sources of information

4. **Baseline**: this should include the most recent value of the indicator, including its date of collection. As with targets, it is best to indicate whether the indicator is being measured “at the end of a period” or as an amount of service delivered during a period.

5. **Targets**: these should be cover each of the three years of the plan. The indicator must be clearly described (in to ensure that
### Ministry XXXXXX

#### Key Performance Indicators: Progress Report

For the Financial Year:

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Explanation</th>
<th>PAST VALUES (3 years)</th>
<th>CURRENT YEAR</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2002/03</td>
<td>2003/04</td>
</tr>
<tr>
<td>% of electorate who were aware of ...</td>
<td>XXXXXX</td>
<td>TARGET</td>
<td>50%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>ACTUAL</td>
<td>45%</td>
</tr>
<tr>
<td>% of LGAs with an audit rating of “clean”</td>
<td>This indicator measures compliance with financial rules. It measures whether capacity building efforts in the keeping of accounts...</td>
<td>TARGET</td>
<td>50%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>ACTUAL</td>
<td>35%</td>
</tr>
<tr>
<td>Indicators Tracking Service Delivery Targets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of Children Vaccinated</td>
<td>TARGET</td>
<td>100,000</td>
<td>150,000</td>
</tr>
<tr>
<td></td>
<td>ACTUAL</td>
<td>120,000</td>
<td>300,000</td>
</tr>
<tr>
<td>XXXXX</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Notes:

1. **Explanations** should (1) clarify the indicator to ensure the reader fully understands what it is, and (2) describe its context—why is it important?
2. **Past Values**: covers the last 3 financial years, for example, 2002/03, 2003/04, and 2004/05.
3. **Targets**: the intended or expected value of the indicator
4. **Actual**: the realized value of the indicator.
5. **N/A** = Not available; there are many reasons why data may not have been collected.
## Targets at Risk
For the Financial Year....

<table>
<thead>
<tr>
<th>Sub-Vote/Target in Words</th>
<th>ANNUAL VALUES</th>
<th>Current Status</th>
<th>Actions taken to minimize risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sub-Vote 2000 (Child Health)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>350,000 Children vaccinated by June 2008</td>
<td>225,000</td>
<td>The vaccination Programme is behind schedule due to delays in receiving the vaccinations from MSD.</td>
<td>......</td>
</tr>
<tr>
<td>Sub-Vote 2001 (Administration and Personnel)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>......</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notes:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Annual Values: As specified in the SP or MTEF targets may cover three years. For example, during 2004/05 the target may specify a result for 2006/07. For monitoring purposes the target needs to be broken down into annual (or quarterly) values.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Annual Performance Report Form 03 (APR/03):

Ministry ......

**Targets Not at Risk**

For the Financial Year:

<table>
<thead>
<tr>
<th>Sub-Vote/Target in Words</th>
<th>ANNUAL VALUES</th>
<th>Current Status / Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sub-Vote 2000 (Child Health)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>350,000 Children vaccinated by June 2008</td>
<td>225,000</td>
<td>215,000</td>
</tr>
<tr>
<td><strong>Sub-Vote 2001 (Administration and Personnel)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Notes:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. <strong>Annual Values:</strong> As specified in the SP or MTEF targets may cover three years. For example, during 2004/05 the target may specify a result for 2006/07. For monitoring purposes the target needs to be broken down into annual (or quarterly) values.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Annex 3: Tips for creating Objectives or Targets

A3.1 Tips and Suggestions to Create Targets

The development of targets (and their differentiation from objectives) always involves an element of interpretation and subjectivity. It is important to manage the level of detail, so that the plan does not become too cumbersome.

A3.1.1 Merging Targets

In order to maintain the focus of Strategic Plans (and to avoid unnecessary detail at the Strategic level), it may be necessary to convert prospective targets into activities and then merge them into a single encompassing target. This maintains the qualities of SMART. For example, several awareness creating targets can be combined, as shown below.

Table 7: Merging Targets

<table>
<thead>
<tr>
<th>Overly Detailed Targets</th>
<th>Comments</th>
<th>Revised Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target A01S: 14 Ethics Television Programmes aired by June 2006</td>
<td>The targets can be grouped together into a broader target and then converted into activities. In this way, the plan remains SMART.</td>
<td>A01S: Ethics Awareness Campaign completed by June 2006</td>
</tr>
<tr>
<td>Target A02S: 35 Ethics Radio Programme aired by June 2006</td>
<td></td>
<td>ActivityA01S01: air 14 Ethics Television Programmes by June 2006</td>
</tr>
<tr>
<td>Target A03C: 52 Ethics Newspaper Articles printed by June 2006</td>
<td></td>
<td>ActivityA01S02: air 35 Radio Programme by June 2006</td>
</tr>
<tr>
<td></td>
<td></td>
<td>ActivityA01S01: print 52 Newspaper Articles by June 2006</td>
</tr>
</tbody>
</table>

A3.1.2 Training

Since Targets cannot be shared across sub-votes training within the institution needs to be treated carefully during the planning process. **Training targets should belong to the sub-vote initiating them.** In practice the DAP or DMMO may help coordinate or advise other sub-votes on their training initiatives, may monitor or help arrange them, or may develop training initiatives of their own.

Training should never be carried out as an isolated event and should not be considered a target. A good training initiative is linked to the provision of a FINAL service or to an area of job performance which was identified as being particularly weak. Three possible ways of accounting for training are listed below:
<table>
<thead>
<tr>
<th>CASE</th>
<th>Targets and Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>I: TRAINING AS A STEP IN A PROCESS</td>
<td>Target A01S: Improved IFMS rolled out to X, Y, by …</td>
</tr>
<tr>
<td></td>
<td>Activity A01S01: 5 new modules developed in IFMS</td>
</tr>
<tr>
<td></td>
<td>Activity A01S02: IFMS manual updated</td>
</tr>
<tr>
<td></td>
<td>Activity A01S03: 250 MDA accountants trained on…</td>
</tr>
<tr>
<td>II: TRAINING AS A STEP IN A SPECIFIC CAPACITY BUILDING INITIATIVE</td>
<td>Target A01C: Internal ICT Capacity Improved</td>
</tr>
<tr>
<td></td>
<td>Activity A01C01: 25 people trained in X by Y</td>
</tr>
<tr>
<td></td>
<td>Activity A01C02: 400 computers purchased…</td>
</tr>
<tr>
<td>III: TRAINING AS PART OF A LARGER TRAINING PLAN</td>
<td>Target A01C: 1,200 people trained in various topics, according to the Ministerial training plan</td>
</tr>
<tr>
<td></td>
<td>Activity A01C01: 250 people trained in X by Y</td>
</tr>
<tr>
<td></td>
<td>Activity A01C02: 40 people trained in Z by Y</td>
</tr>
</tbody>
</table>

**A3.1.3 SYSTEM DEVELOPMENT**

Within Government, one institution may be developing, improving or supervising the use of administrative systems (or processes) within other institutions. These “processes” are delivered, for example:

- “M&E system rolled out (or used) in X MDAs,” or
- “Revised Participatory Planning System adopted in X Wards,” or
- “X MDAs, Y Local Authorities, and Z Public Institutions prepare budgets according to issued guidelines.”

In these cases, the delivery of systems is the target, while outcomes or objectives concern quality of the product within the recipient, compliance, and the reasons why the systems were delivered in the first place.

**A3.1.4 MONITORING/INSPECTION/REGULATION**

Many government institutions are increasingly undertaking regulatory functions which involve ensuring standards or compliance with rules, regulations and guidelines. Oftentimes this involves carrying out inspections (for example, the inspection of health units). An example might be:

- “Inspection report covering X MDAs produced (or disseminated) by 30 June 2006”

**A3.1.5 HR, ACCOUNTING, AND OTHER INTERNAL SERVICES**

Within any institution, some departments provide services to others. Targets should be designed to cover the following routine services: HR Management and/or recruitment, Accounting, and Procurement.

**A3.1.6 OVERHEADS**

In cases where overheads cannot be allocated to the production of a particular SMART target, place all initiatives under a single “overhead” target for each department (or division). For example:

- “Department X facilitated to carry out its routine operations” or “a conducive work environment created in Department X)."
Annex 4: Procurement Guidelines

This Annex provides a brief overview of relevant Procurement Regulations and their expected durations. It is divided into two sections; the first deals with the procurement of goods, works, non-consultancy services and disposal of public assets while the second deals with the selection and employment of consultants. It is not exhaustive and the reader is encouraged to review the referenced acts.

A4.1 The Procurement of Goods, Works, Non-consultancy services and Disposal of Public Assets

This is according to Procurement Act No.21 of 2004 and Public Procurement (goods, Works, Non-Consultancy Services and Disposal of Public Asset) Regulations GN. No.97 of 15th April, 2005.

Table 9: Second Schedule: Methods of Selection and Limit of Application

<table>
<thead>
<tr>
<th>Method of tendering</th>
<th>Goods</th>
<th>Works</th>
<th>Non Consultancy Services</th>
<th>Disposal of Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>International competitive tendering</td>
<td>No limit</td>
<td>No limit</td>
<td>No limit</td>
<td>No limit</td>
</tr>
<tr>
<td>National competitive tendering</td>
<td>Up to Tshs 800,000,000</td>
<td>Up to Tshs 3,000,000,000</td>
<td>Up to Tshs 500,000,000</td>
<td>Up to Tshs 3,000,000,000</td>
</tr>
<tr>
<td>Restricted tendering</td>
<td>Up to Tshs 400,000,000</td>
<td>Up to Tshs 1,500,000,000</td>
<td>Up to Tshs 200,000,000</td>
<td>Up to Tshs 100,000,000</td>
</tr>
<tr>
<td>Competitive quotations</td>
<td>Up to Tshs 80,000,000</td>
<td>Up to Tshs 100,000,000</td>
<td>Up to Tshs 50,000,000</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Single source procurement</td>
<td>Up to Tshs 500,000,000</td>
<td>Up to Tshs 800,000,000</td>
<td>Up to Tshs 100,000,000</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Minor value procurement</td>
<td>Up to 10,000,000</td>
<td>Up to 20,000,000</td>
<td>Up to 10,000,000</td>
<td>Not applicable</td>
</tr>
</tbody>
</table>

Table 10: Third Schedule Standard Procurement Processing Time (a: National Competitive Tendering for Procuring Entities)

<table>
<thead>
<tr>
<th>Activity</th>
<th>Period (calendar days)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Preparation of prequalification documents</td>
<td>7</td>
</tr>
<tr>
<td>2. Advertise and issue pre-qualification documents</td>
<td>7</td>
</tr>
<tr>
<td>3. Evaluation of pre-qualification documents and preparation of shortlist and</td>
<td>14</td>
</tr>
<tr>
<td>Activity</td>
<td>Period (calendar days)</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------</td>
<td>------------------------</td>
</tr>
<tr>
<td>approval of the same</td>
<td></td>
</tr>
<tr>
<td>4. Preparation of tender documents</td>
<td>14</td>
</tr>
<tr>
<td>5. Review and approval of tender documents by the tender board</td>
<td>30</td>
</tr>
<tr>
<td>6. Advertise and issue tender documents</td>
<td>14</td>
</tr>
<tr>
<td>7. Evaluation of tenders and notification of award and obtaining necessary approvals</td>
<td>30</td>
</tr>
<tr>
<td>8. Award of contract</td>
<td>7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>123</strong></td>
</tr>
</tbody>
</table>

**Table 11: Third Schedule Standard Procurement Processing Time (b: International Competitive Tendering for Procuring Entities)**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Period (calendar days)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Preparation of prequalification documents</td>
<td>7</td>
</tr>
<tr>
<td>2. Advertise and issue pre-qualification documents</td>
<td>14</td>
</tr>
<tr>
<td>3. Evaluation of pre-qualification documents and preparation of shortlist and approval of the same</td>
<td>14</td>
</tr>
<tr>
<td>4. Preparation of tender documents</td>
<td>14</td>
</tr>
<tr>
<td>5. Review and approval of tender documents by the tender board or approval committee</td>
<td>30</td>
</tr>
<tr>
<td>6. Advertise and issue tender documents</td>
<td>14</td>
</tr>
<tr>
<td>7. Evaluation of tenders and notification of award and obtaining necessary approvals</td>
<td>30</td>
</tr>
<tr>
<td>8. Award of contract</td>
<td>7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>130</strong></td>
</tr>
</tbody>
</table>

**Table 12: Third Schedule Standard Procurement Processing Time (c: Minimum Time for Preparation and Submission of Prequalification Documents and Tenders for tenders)**

<table>
<thead>
<tr>
<th>Method of procurement</th>
<th>Period (calendar days)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PREQUALIFICATION STAGE</strong></td>
<td></td>
</tr>
<tr>
<td>1. International competitive bidding</td>
<td>30</td>
</tr>
<tr>
<td>2. National competitive bidding</td>
<td>21</td>
</tr>
<tr>
<td><strong>TENDERING STAGE</strong></td>
<td></td>
</tr>
<tr>
<td>3. National competitive bidding</td>
<td>30</td>
</tr>
<tr>
<td>4. International competitive bidding</td>
<td>45</td>
</tr>
<tr>
<td>5. Restricted national competitive bidding</td>
<td>21</td>
</tr>
<tr>
<td>6. Restricted international competitive bidding</td>
<td>30</td>
</tr>
<tr>
<td>7. National shopping</td>
<td>7</td>
</tr>
<tr>
<td>8. International shopping</td>
<td>14</td>
</tr>
<tr>
<td>9. Where large works are involved</td>
<td>90</td>
</tr>
</tbody>
</table>
Table 13: Fourth Schedule National and Exclusive Preference (a: Margin of Preference for National and International competitive for domestic contractors and service providers).

<table>
<thead>
<tr>
<th>Input of National firm in the association</th>
<th>Preference (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>20-40%</td>
<td>4</td>
</tr>
<tr>
<td>40-60%</td>
<td>6</td>
</tr>
<tr>
<td>60-80%</td>
<td>8</td>
</tr>
<tr>
<td>80-100%</td>
<td>10</td>
</tr>
</tbody>
</table>

Margin of Preference for Goods mined or manufactured in Tanzania: Up to 15%

**A4.2 The Selection and Employment of Consultants**

This is according to the Procurement Act No.21 of 2004 and Public Procurement (Selection and Employment of Consultants) Regulations, GN No.98 of 15th April, 2005.

Table 14: Second Schedule Methods of Selection and Limit of Application

<table>
<thead>
<tr>
<th>Method of Procurement</th>
<th>Limits</th>
</tr>
</thead>
<tbody>
<tr>
<td>International Competitive Selection</td>
<td>No limit</td>
</tr>
<tr>
<td>National Competitive Selection</td>
<td>Up to Tshs 1,000,000,000</td>
</tr>
<tr>
<td>Restricted Competitive Selection</td>
<td>Up to Tshs 500,000,000</td>
</tr>
<tr>
<td>Single-Source Selection</td>
<td>Up to Tshs 300,000,000</td>
</tr>
<tr>
<td>Individual Selection</td>
<td>Up to Tshs 150,000,000</td>
</tr>
<tr>
<td>Minor Value Procurement</td>
<td>Up to Tshs 7,500,000</td>
</tr>
</tbody>
</table>

Table 15: Third Schedule Standard Procurement Processing Time

<table>
<thead>
<tr>
<th>Activity</th>
<th>Time (Calendar days) National Competitive Selection</th>
<th>International Competitive Selection</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Preparation of Terms of Reference</td>
<td>7 to 21</td>
<td>21 to 30</td>
</tr>
<tr>
<td>2 (i) Inviting for expression of interest up to submission of the same by consultants OR</td>
<td>At least 14</td>
<td>At least 30</td>
</tr>
<tr>
<td>(ii) Invitation of Application for prequalification up to the submission of the same by consultants</td>
<td>At least 30</td>
<td>At least 45</td>
</tr>
<tr>
<td>3 Evaluation of Expression of interest and preparing shortlist with approvals</td>
<td>14</td>
<td>21</td>
</tr>
<tr>
<td>4 Preparation issuance of the Request for Proposal</td>
<td>14</td>
<td>21</td>
</tr>
<tr>
<td>5 Review and approval of Request for Proposal by the tender board or approval committee</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>6 Preparation and submission of proposals by the consultants</td>
<td>At least 30</td>
<td>At least 45</td>
</tr>
<tr>
<td>7 Evaluation of Proposal and notification of award and obtaining necessary approvals</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td>8 Award of contract</td>
<td>7</td>
<td>7</td>
</tr>
</tbody>
</table>